

**Assessing operator
scale in the mobile data
era in Latin America**





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Executive summary

Mobile markets in Latin America are undergoing a structural shift. The sector has moved from the voice/SMS era – defined by higher average revenue per user (ARPU), lower data usage and static competition – to a data-intensive era in which operators face rising network costs, declining revenues per user and rapidly growing consumer demand for high-speed mobile data. This transition requires sustained investment in 4G and 5G networks, making financial sustainability and profitability crucial. In this context, operator scale has become central to ensuring that networks can deliver the capacity, coverage and quality consumers now require.

This study examines how scale, investment, quality and prices interact with each other in this new environment. It evaluates whether greater operator scale is now necessary to sustain network investment, whether an optimal range of scale exists, how consolidation and entry events influence consumer outcomes, and what these dynamics imply for forward-looking competition policy. Using a combination of quantitative and empirical methods, the report provides a comprehensive evidence base for assessing the role of scale in today's mobile markets.

Latin America has globally standard concentration levels and is facing a data-driven era that requires greater operator scale

Market concentration in Latin America is neither high nor unusual compared with global benchmarks. Instead, the region reflects a normal evolution shaped by the shift to a capital-intensive data era, where declining ARPU and rising fixed network costs make scale more important. As 4G adoption has deepened and 5G networks continue to expand across the region, operators require larger subscriber bases to sustain investment and meet growing demand for speed, capacity and coverage. This shift from static to dynamic competition means that scale is now closely linked to operators' ability to invest, which directly affects consumer experience.

Descriptive trends show that countries with greater operator scale achieve higher investment and better consumer outcomes




Descriptive trends across Latin America show a clear pattern: in markets with more scale, players invest more. These higher investments translate into better consumer outcomes, including faster download and upload speeds, more extensive 4G and 5G coverage, and earlier deployment of new network generations. Importantly, these benefits are not accompanied by higher prices. Mobile internet prices (measured by revenue per gigabyte, ARPU and PPP-adjusted mobile internet baskets) show similar or lower price levels in markets with greater scale, compared to markets with more players. The descriptive trends indicate that operator scale supports efficient investment and delivers better consumer experience while maintaining affordability.

Econometric analysis confirms that operator scale increases investment, speeds and coverage, with no evidence of price increases in the data era

The econometric analysis confirms two key findings. First, across multiple specifications, greater operator scale (measured through the Herfindahl–Hirschman Index (HHI), number of players, EBITDA margins or C2)¹ is consistently and causally linked to higher capex and improved network quality, even after controlling for other relevant factors. These investments translate into faster speeds and wider coverage at no additional cost to consumers, thereby improving overall consumer welfare. This suggests that consolidated markets can also remain competitive, as reflected in high portability rates and active switching between operators, such as in Brazil.

Second, the relationship between concentration (measured by HHI) and investment and quality follows an inverted-U pattern in the data era: capex per connection and speeds peak at moderate levels of concentration. Importantly, consumer prices show no upward pressure from increases in HHI, indicating that consolidation-driven efficiency gains do not compromise affordability.

Figure i The effect of HHI increases on investment, speeds and consumer prices in the mobile data era in Latin America

Metric analysed	+100 HHI	+500 HHI	HHI peak
 Capex per connection	+4.5%	+20%	≈ 4,636
 Download speeds	+4Mbps	+14.5 Mbps	≈ 4,280
 Consumer prices	No significant effect	No significant effect	N/A

Note: Effects are calculated from the median baseline HHI of 3,520. Results follow a non-linear pattern: benefits increase as concentration approaches the optimal HHI, then decline beyond that point. Concentration has no significant effect on consumer prices.

Source: GSMA Intelligence




Consolidation events consistently increase investment and improve consumer outcomes without raising prices

With the econometric results, when assessing consolidation events across Latin America – whether mergers or operator exits – we consistently find higher investment, faster speeds and improved network performance compared to markets that did not experience consolidation, and with no evidence of

higher consumer prices. A more detailed look at the experience of Brazil further reinforces this pattern: increases in operator scale have supported higher capex per connection and better service quality, while prices have remained stable.

In contrast, entry events in Latin America did not generate measurable improvements in investment, network performance or prices.

Figure ii Empirical impact of consolidation and entry events on investment and consumer welfare in Latin America

Metric analysed	Consolidation	Entry
 Capex per connection	Positive link	No significant link
 Download speeds	Positive link	No significant link
 ARPU	No significant link	No significant link

Source: GSMA Intelligence

Policy implications: taking a forward-looking approach to competition policy focused on investment and consumer welfare

The results suggest that competition authorities should ensure that merger assessments in the mobile sector are based on a balanced evaluation of both static and dynamic effects. Immediate concerns from an increase in market concentration, such as short-term price changes, need to be considered alongside the evidence, which, as demonstrated in this empirical analysis, shows no measurable impact on consumer prices.

These should be evaluated together with dynamic effects, including investment, innovation, cost reductions and quality improvements. Consumer welfare depends on both price and non-price outcomes, as well as on short- and long-term effects.

By adopting this integrated and forward-looking perspective, competition policy in Latin America can better support effective competition and sustained investment while promoting sector development in a rapidly evolving digital landscape.



01. Competition dynamics in the mobile data era

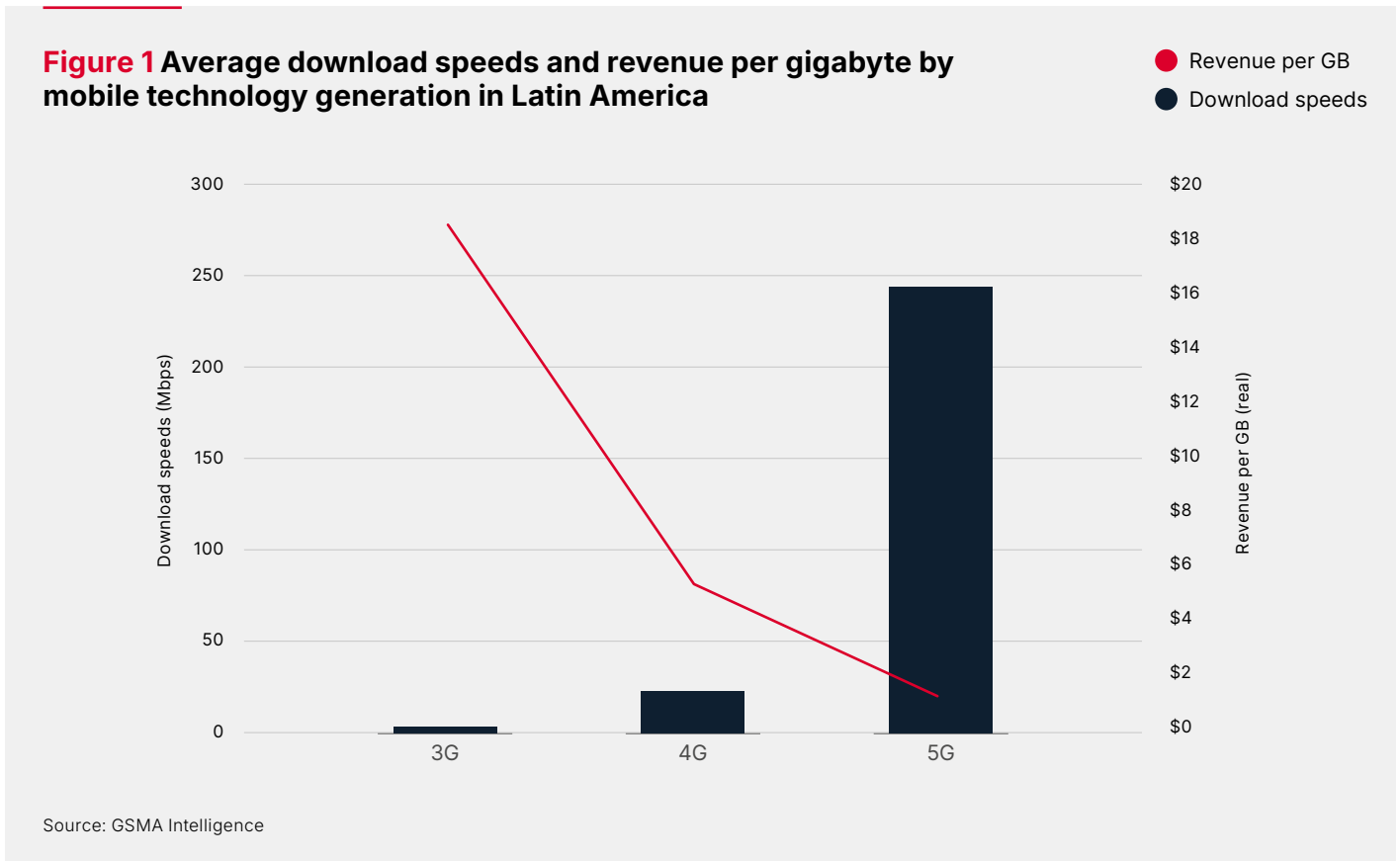
The importance of scale in the mobile data era in Latin America

The mobile sector in Latin America is undergoing significant transformation. Driven by evolving consumer demand, including a surge in mobile data consumption, revenues in the market have been largely stagnant for mobile operators in recent years. At the same time, network innovation cycles continue to be the main driver of consumer welfare in mobile markets. In light of this new digital context, the link between operator scale, investments and consumer welfare is particularly crucial.

Historically, investments in new generations of mobile technologies have been the main driver of cost and price reductions, quality improvements and innovation, underscoring the need for a fresh reassessment of these relationships.

Figure 1 shows how successive generations of mobile networks in Latin America have delivered improvements in download speeds while reducing unit costs and consumer prices. Where market structures and operator

scale are conducive to greater investments and the accelerated rollout of new generations of mobile networks, consumers are the greatest beneficiaries.



Increasing the number of players does not always mean more competition. As in most other sectors, an increase in the number of players in the mobile sector can raise competitive intensity in the market. However, in the mobile sector this often comes at the cost of reducing average operator scale, increasing fixed-cost duplication and potentially reducing both the ability and incentives for operators to invest. As a result, a market with a greater number of operators does not necessarily produce strong players that exert effective competitive pressure or deliver greater competitive intensity.

It is clear that the optimal market structure in mobile communications is not a one-firm monopoly, given this would lower incentives to innovate and invest in improving quality. Similarly, it is apparent that no country could sustain a very large number of mobile networks, given the need for a minimum efficient scale and the risk of network duplication and the inefficiencies it would involve.

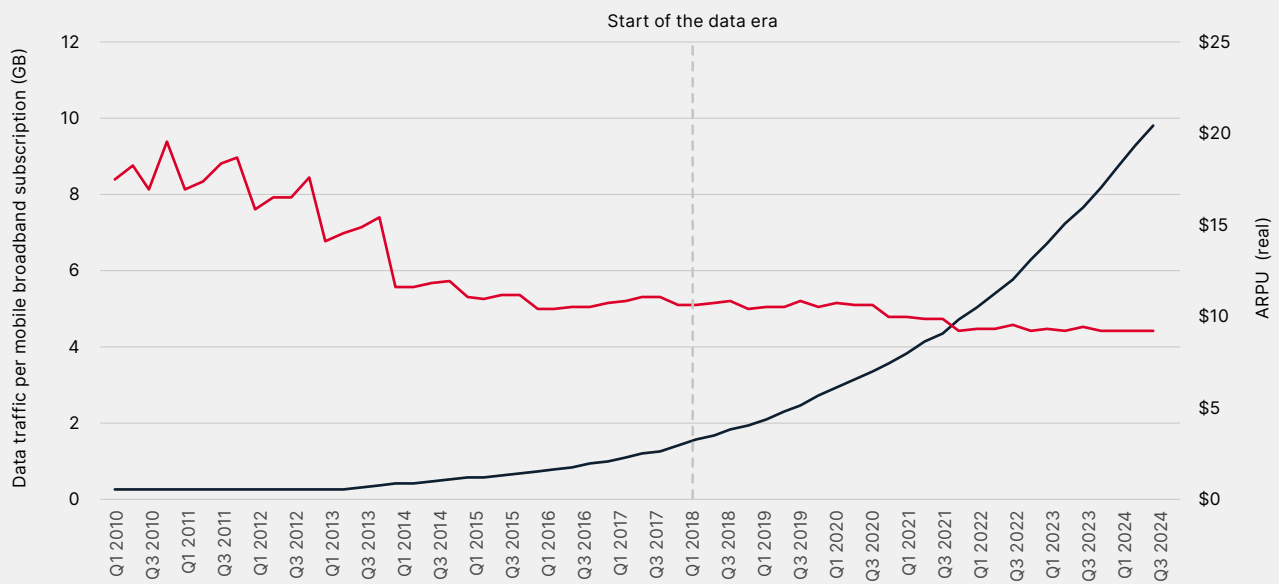
Achieving sufficient operator scale is therefore essential, as it enables cost efficiencies that strengthen both the ability and incentives to invest. One concrete channel is spectrum use: larger operators can use spectrum more efficiently and deploy it more intensively, reducing duplication compared to markets with a higher number of smaller players.

The mobile sector is at a critical inflection point. The transition from voice and SMS (2G and 3G) to data (4G and 5G) after 2018 came directly with a fundamental change in the economics of mobile networks. Operators in the region must now balance sustained higher capex costs to deploy and upgrade network infrastructure with a declining revenue environment (see Figure 2).



Figure 2 Average mobile data usage and ARPU trends in Latin America

- ARPU (real)
- Data traffic per mobile broadband subscription (GB)



Source: GSMA Intelligence

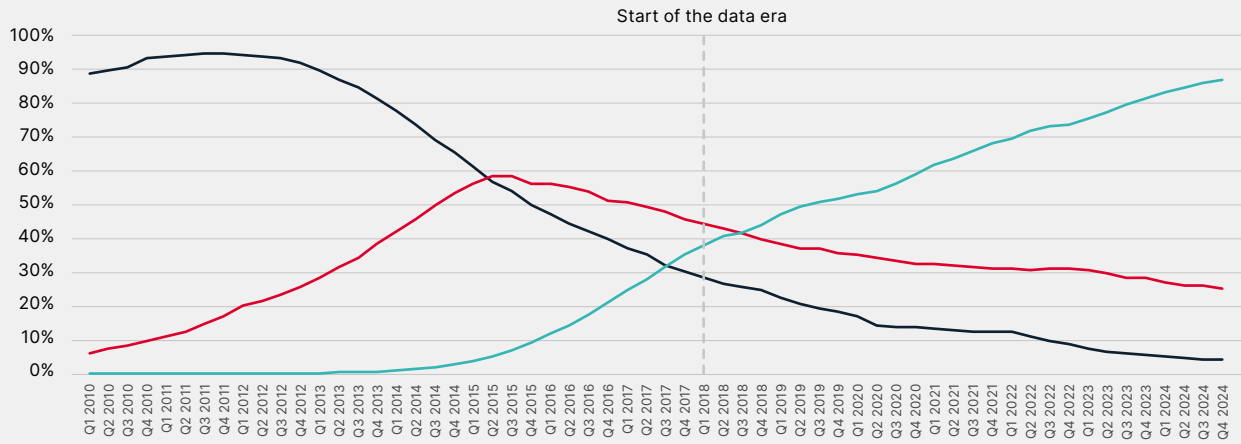
After 2018, 4G increasingly became the most relevant mobile technology (see Figure 3) and the region experienced an unprecedented increase in mobile data traffic, driven by increasing smartphone adoption, the expansion of digital services and a growing demand for high-speed connectivity. This surge in data consumption fundamentally transformed both the revenue and cost

structures of mobile operators: while data consumption per user continues to rise, average revenue per user (ARPU) has steadily declined. This means that, despite networks carrying more traffic and facing greater demand for quality and capacity, operators are earning less per customer than before.

Figure 3 The evolution of the share of mobile connections by technology in Latin America

Weighted average by connections

- 2G
- 3G
- 4G and 5G



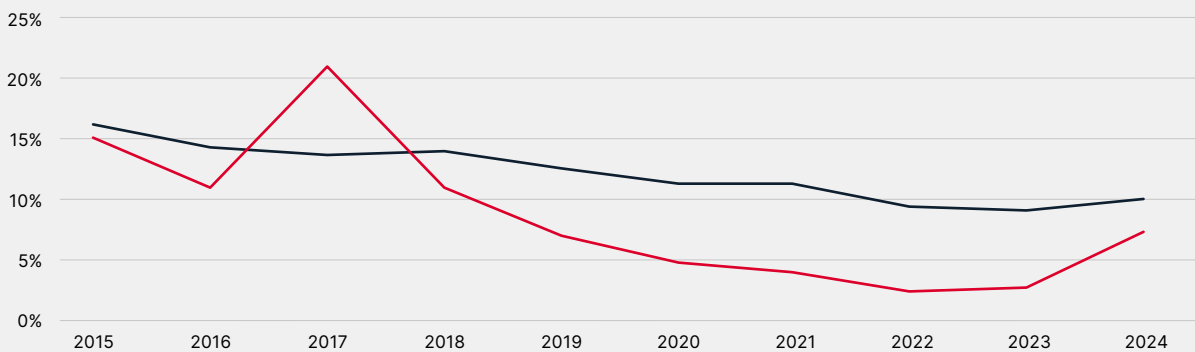
Source: GSMA Intelligence

The decrease in the revenue opportunity has placed pressure on operators' ability to generate financial returns at similar levels as before. A comparison of profitability metrics for Latin America, based on an analysis by Frontier Economics, illustrates this challenge: return on capital employed (ROCE) levels for operators in Latin America have generally remained below the global average throughout the last decade.

While this trend is not unique to the region, some of these challenges may be even more pronounced in Latin America than in other regions. The lessened revenue opportunity is particularly relevant due to the high capital requirements of 4G and 5G rollout, especially in less attractive areas where margins are tighter or even negative, with scale becoming a potentially critical factor to sustain coverage expansion.

Figure 4 Evolution of ROCE² in the mobile sector globally and in Latin America

- Global
- Latin America



Source: Frontier Economics

² For Latin America, this metric is based on a simple average of the main operator groups in the region. Similarly, the global figure represents a simple average using data from more than 30 countries, covering over 55 operator-group observations.

In this context, the importance of mobile operator scale becomes more pronounced, especially in fragmented markets with many operators. This is because having fewer subscribers per operator means lower revenues per unit of investment and tighter margins, making it harder to sustain the continuous extension and periodic technological upgrading of networks, which involve large fixed costs and increasingly shorter cycles for the introduction of new technologies.

With ARPU levels in the mobile data era being lower than before, this makes it even more challenging, as the fixed cost to deploy a new technology generation across the whole country needs to deliver returns but each subscriber is paying less. By contrast, greater operator scale comes hand in hand with a higher average number of subscribers, enabling operators to generate higher revenues for similar fixed costs.



Operator scale and investments in the mobile sector: what do we know already?

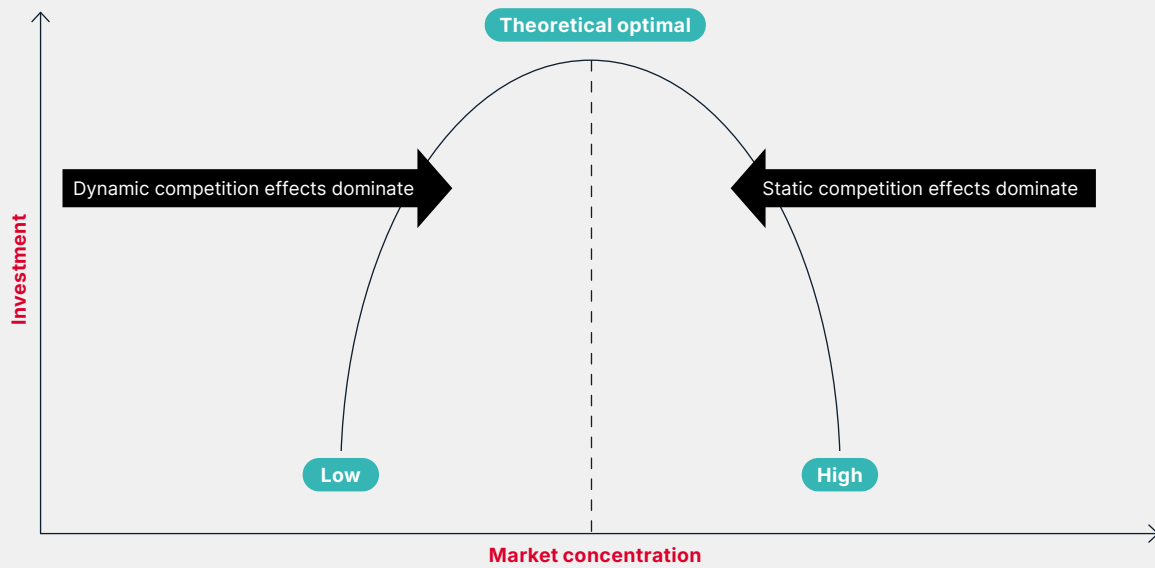
On one hand, it is possible that larger firms may have a greater incentive (as well as a greater ability) to increase investment because of the potential for higher returns. On the other hand, a greater number of players can drive greater competition between firms and create an incentive to invest more in better-quality networks and/or new products and services, as a way of differentiating the firm from other competitors and thereby winning and retaining customers.

These Arrow and Schumpeterian effects can coexist in an inverted-U relationship between market concentration and investment. Empirical studies are largely consistent with the existence of this relationship: investment increases with operator scale and market

concentration up to an optimal point, then declines.³ No study to date has found that higher market concentration reduces operator investment, while most studies have found that country-level investment is not significantly impacted by market concentration – implying again that each mobile network is now receiving more investment. Consistently, empirical studies have also found a positive impact of mergers, operator scale and more concentrated markets on network coverage and speeds, which means that some of the efficiencies generated by greater operator scale are being passed on to consumers.

³ For example, see Competition and Innovation: An Inverted-U Relationship, Aghion, P., Bloom, N., Blundell, R., Griffith, R. and Howitt, P, 2005; Is there a level of competition intensity that maximises investment in the mobile telecommunications industry?, Jeanjean, F. and Hounghonon, G. V, 2014; Market structure and investment in the mobile industry, Jeanjean, F. and Hounghonon, G. V, 2017; The dynamic effects of competition on investment: the case of the European mobile communications industry, Bahia, K. and Castells, P, 2022; Evaluating market consolidation in mobile communications, Genakos, C., Valletti, T. and Verboven, F, 2018; Market Structure and Investments: A Progress Report, Lefouili, Y. and Madio, L, 2023; Is Draghi report really wrong about telecoms? (An overview of academic papers on telecom market structure and mergers), Jeanjean, F. and Ciriani, S, 2025; Competition dynamics in mobile markets in europe: effects on investment and quality, GSMA, 2022; Impact of mobile operator consolidation on unit prices, Aimene, L., Jeanjean, F. and Liang, J, 2021; Competition, Technological Change and Productivity Gains: A Sectoral Analysis, Ciriani, S. and Jeanjean, F, 2020; and Competition, Technological Change and Productivity Gains: A European Sectoral Analysis, Ciriani, S. and Jeanjean, F., 2022.

Figure 5 The inverted-U relationship between market concentration and investment



Source: GSMA Intelligence

This study sheds light on this debate by empirically evaluating how operator scale and changes to market structure – in particular, consolidation and entry – affect investment, quality and consumer prices across both the voice/SMS and data eras in Latin America. It is to our knowledge the first study that looks at this question empirically in the region.

The research examines the following questions for Latin American markets in the mobile data era:

- Is greater scale now necessary to support investment and quality in mobile communications?
- What lessons can we draw from key market trends regarding the link between operator scale, investment and prices?
- Are there any lessons we can draw from the evaluation of market entry and exit in the region in the recent past?

- Is there an optimal scale that delivers most value to consumers? And has this changed with recent market trends?
- What can competition authorities learn from these insights to ensure effective competition that delivers most value for consumers?

To answer the research questions of the impact of network scale in Latin America, we use state-of-the-art econometric methods – including panel data ordinary least squares (OLS), instrumental variables (IV) and modern difference-in-differences (DiD) estimators – to identify causal relationships between operator scale, investment, quality and prices. These empirical strategies enable us to isolate the causal effects of operator scale and market structure on mobile-sector outcomes.



02. Mobile market trends and operator scale in Latin America

Have market structures in Latin America adjusted to the new market conditions in the mobile data era?

According to the Herfindahl–Hirschman Index (HHI) and C2 metrics, Latin American markets are neither among the most nor the least concentrated worldwide. Rather, the evolution of market structures and average operator scale in Latin America reflects a fairly standard global response to the changing economic realities of the data-driven mobile sector from 2018 onwards.

As shown in Figure 6, most regions have experienced a similar trajectory, with market concentration metrics decreasing in the voice and SMS era, when revenues per user were higher, and stabilising or increasing in the mobile data era, when revenues per user were lower. The only exception to this trend is Europe, where

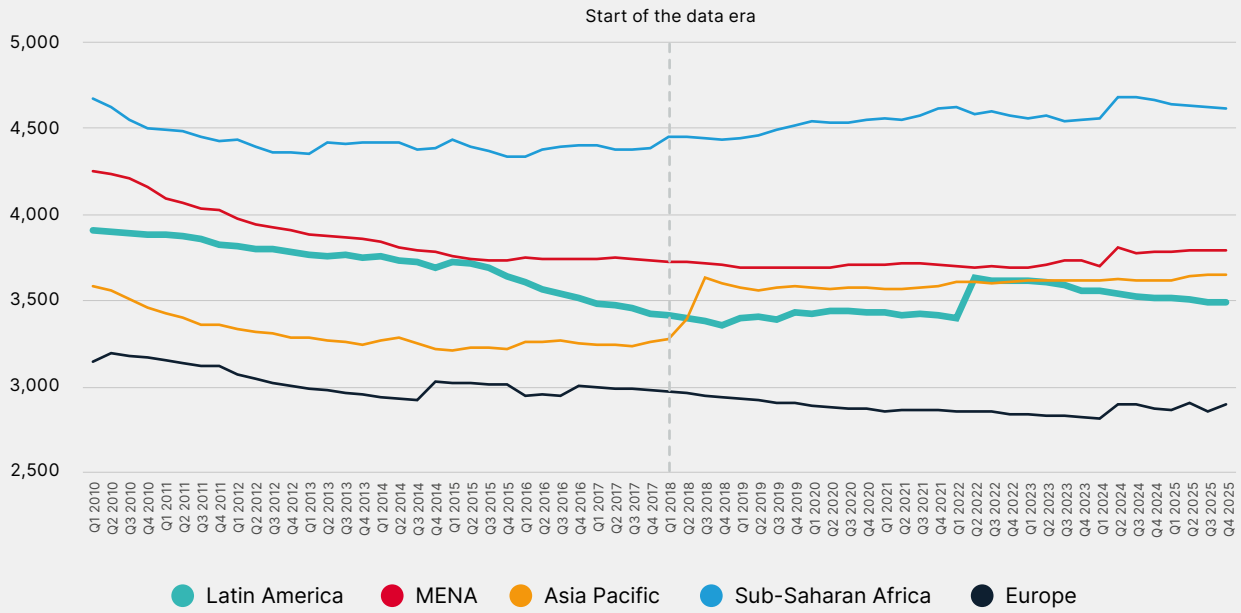
regulators blocked market exits for most of the mobile data era. In all other regions, the market dynamics of lower revenue growth led to average operator scale stabilising or increasing, including in Latin America.

A notable example is India (in South Asia), where market concentration, measured by the HHI, increased substantially – from around 1,400 in 2010 to approximately 3,450 in 2025. This increase in scale coincided with the deployment of more advanced 5G features. The country has reached close to 50% adoption of 5G standalone (SA)⁴ and is also among the few markets globally to have begun deploying 5G-Advanced technologies.⁵

⁴ This refers to the proportion of 5G Speedtest samples that are on 5G SA, based on Speedtest Intelligence® data provided by Ookla®

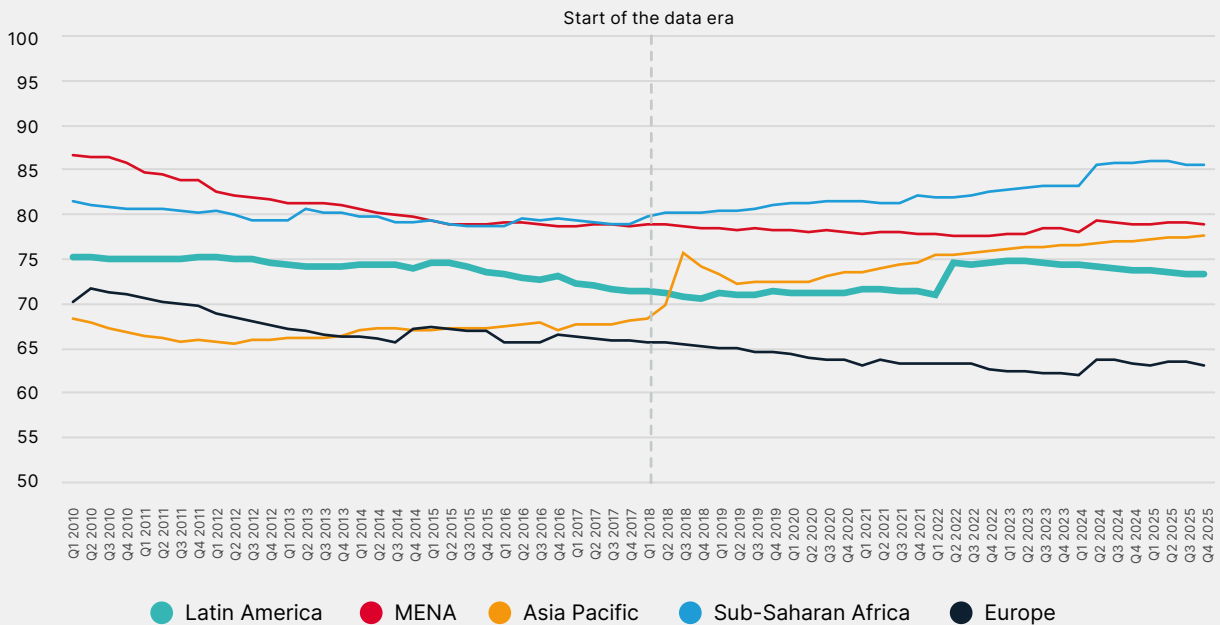
⁵ For a comprehensive benchmark across these and other 5G metrics, see the [5G Connectivity Index](#).

Figure 6a Average HHI (population-weighted) evolution by region



Source: GSMA Intelligence

Figure 6b Average C2 (population-weighted) evolution by region



Source: GSMA Intelligence

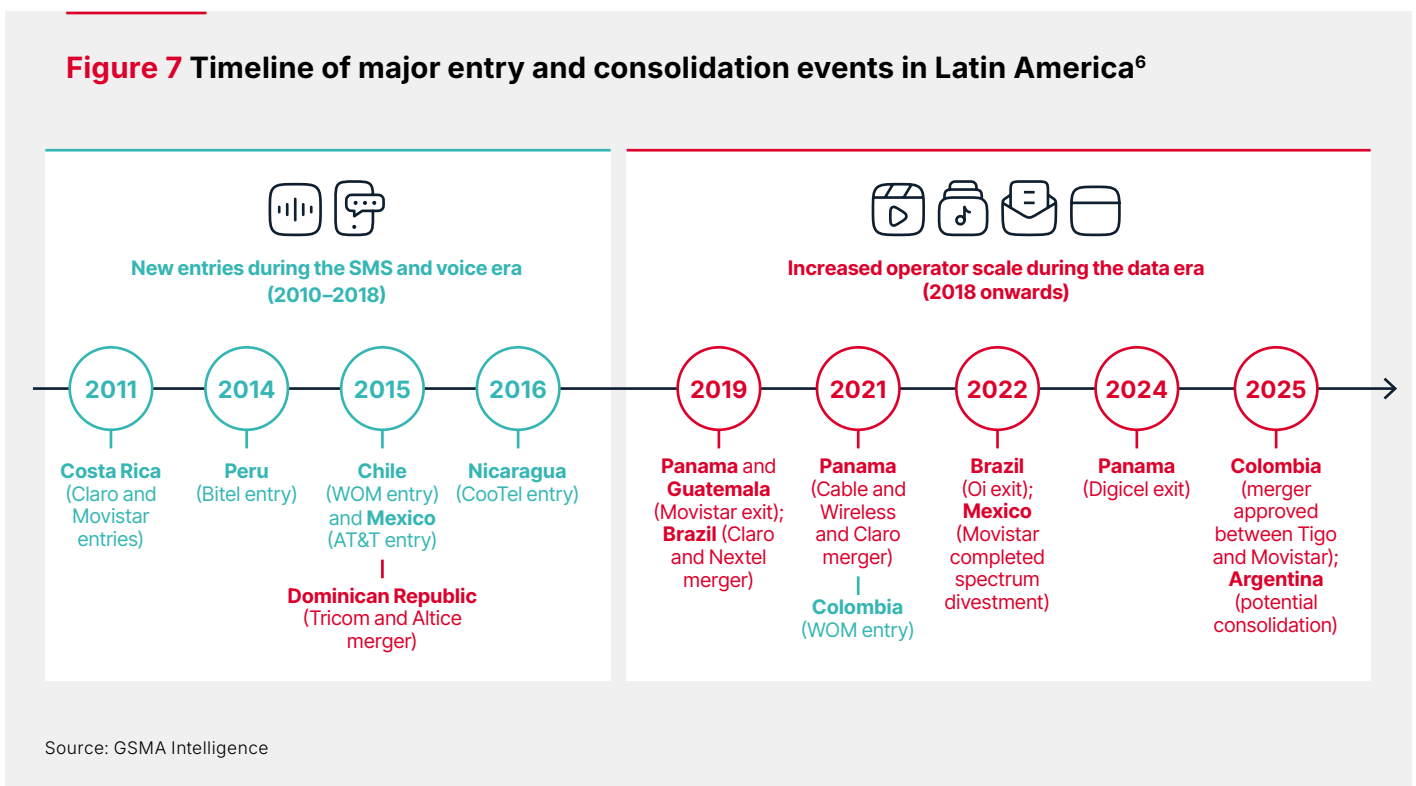
Aside from variations in market share between competitors, the evolution of market structures in Latin America has been in large part shaped by both entries and consolidation. This has not occurred uniformly over time. In the early 2010s, several markets experienced market entries, such as the liberalisation of Costa Rica’s market (2011) and the launch of Bitel in Peru (2014) and WOM in Chile (2015) – all events which increased the number of players.

However, in recent years, the region has seen a clear shift: since 2018, market entries have become rare, with the only new entrant being WOM in Colombia in 2021. Over the past five years, no other national operators have entered any market in the region, which is a telling sign. At the same time, consolidation and market exits have become more prominent (see Figure 7). Currently,

consolidation is taking place or in progress in at least three markets in Latin America, reflecting a broader trend towards greater scale in the region.

Globally, consolidation among mobile network operators has been evident in recent years, with notable examples across multiple regions. In Europe, Orange and MásMóvil merged in Spain, while the Vodafone–Three merger in the UK reduced the number of network operators from four to three. Elsewhere, Indonesia consolidated to three main operators following the Indosat Ooredoo–Hutchison merger, and the T-Mobile and Sprint merger in the US marked a major consolidation of mobile network players. These recent cases illustrate that consolidation is not limited to Latin America but reflects a broader global pattern.

Figure 7 Timeline of major entry and consolidation events in Latin America⁶



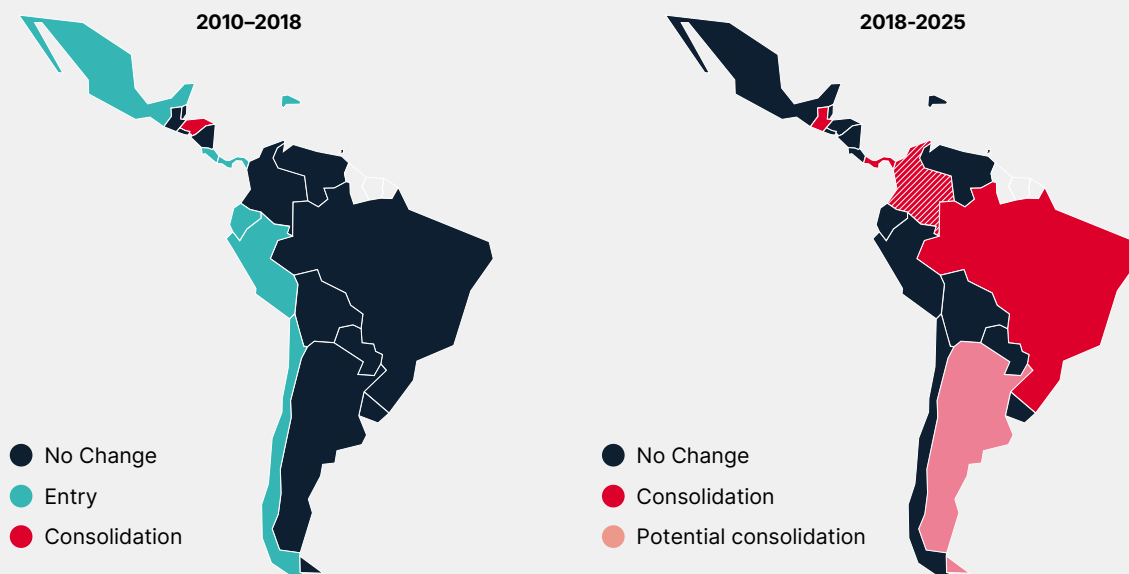
As a result, the current market structure in Latin America reflects both a period of earlier entry waves⁷ and a more recent phase of increased operator scale. Figure 7 shows that the evolution of market structure in Latin America has developed in two distinct phases. The first, between 2010 and 2018, was characterised by new operator entries during the SMS and voice era. From 2018 onwards, the trend shifted towards increased operator scale, coinciding with the data era. Key events

include mergers in Panama and Guatemala, an operator exit in Brazil, spectrum and network divestments in Mexico, and the approval of a recent merger in Colombia between Tigo and Movistar. This transition from fragmented competition to larger-scale operators reflects a structural shift: while earlier dynamics were driven by expansion and market entries (static competition), recent years have focused on scale and efficiency (dynamic competition).

⁶ WOM Colombia acquired spectrum in 2019 and acquired Avantel in 2020 (a market player with less than 5% share of connections), with commercial operations under WOM beginning in 2021. Also, in 2025 and 2026, Millicom formally entered Uruguay, Ecuador and Chile through the acquisition of Telefónica’s operations in these markets. However, for the purposes of this study, these transactions do not constitute ‘new market entries’ affecting market scale because they do not change the number of competitors in either market. They represent a change in ownership rather than the introduction of a new and additional operator.

⁷ Entry events in Chile and Colombia have been associated with episodes of financial stress, including Chapter 11 proceedings, suggesting challenges to the financial sustainability of certain entry models.

Figure 8 Market structure events in Latin America



Note: While Colombia experienced a significant consolidation process in 2025 (the merger between Tigo and Movistar), the country also had a new entrant (WOM) during the 2018–2025 period, resulting in no net change in the number of operators. This sequence of entry followed by subsequent consolidation highlights the financial challenges associated with four-player market structures in this context, relative to markets with three operators.

Source: GSMA Intelligence

Operator investments were much higher in markets with greater operator scale, with the trend becoming more pronounced in recent years

As demand for high-speed connectivity has grown, operators have invested heavily in new infrastructure, expanding radio access networks, upgrading backhaul and deploying advanced core systems to support 4G and 5G services. The capex required to sustain this investment has remained high since 2018, particularly during the rollout phases of new technologies.

A defining feature of the mobile data era has been the growing importance of scale as a critical determinant of investment decisions. Descriptive trends across Latin America reveal that markets with greater average operator scale have been able to sustain higher levels of operator investment, especially in the last few years.

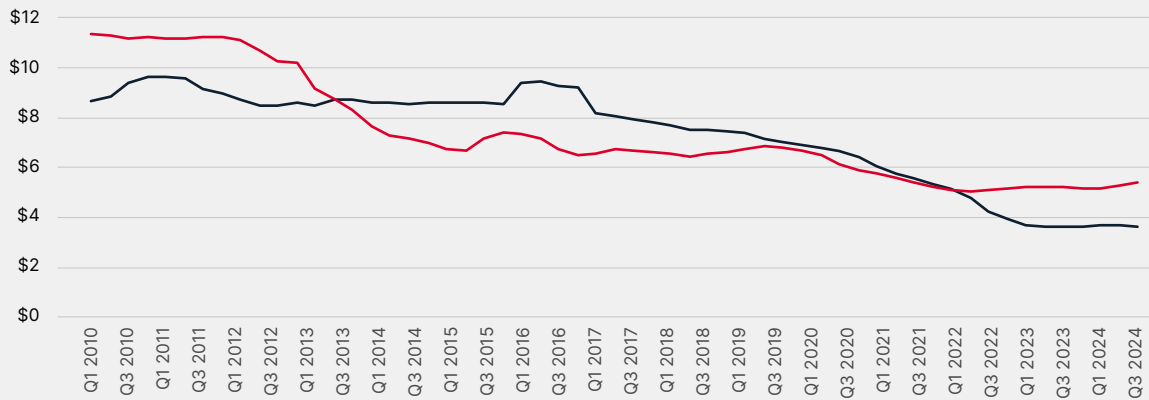
Mobile networks are characterised by significant fixed and common costs with respect to the number of subscribers, including passive and active infrastructure, spectrum backhaul and core networks. In the presence of large fixed costs and with everything else being equal, mobile markets with more players should therefore experience a degree of duplication of infrastructure and present greater aggregate investments overall. This is, however, not clearly

observed in Latin America (see Figure 9), where aggregate levels of investment were similar in markets with three or fewer players and markets with four or more players, with aggregate levels even higher in the last few years in markets with three or fewer players.

Capex trends at an operator level (see Figure 10) show that per operator investment was consistently higher in more concentrated markets. This is in keeping with the theory of dynamic competition forces, linking greater scale with both the ability and the incentives to deliver greater investments. Notably, the investment gap between markets with three or fewer players and markets with four or more players has become larger in recent years. While at the beginning of the mobile data era in Q1 2018 capex per connection was 25% higher in markets with three or fewer players, the difference was approaching nearly 100% by the last quarter of the analysis (Q4 2024). In other words, in markets with three or fewer players, operators were investing twice as much in their networks on average than in markets with four or more players.

Figure 9 Total aggregate capex per connection in Latin America

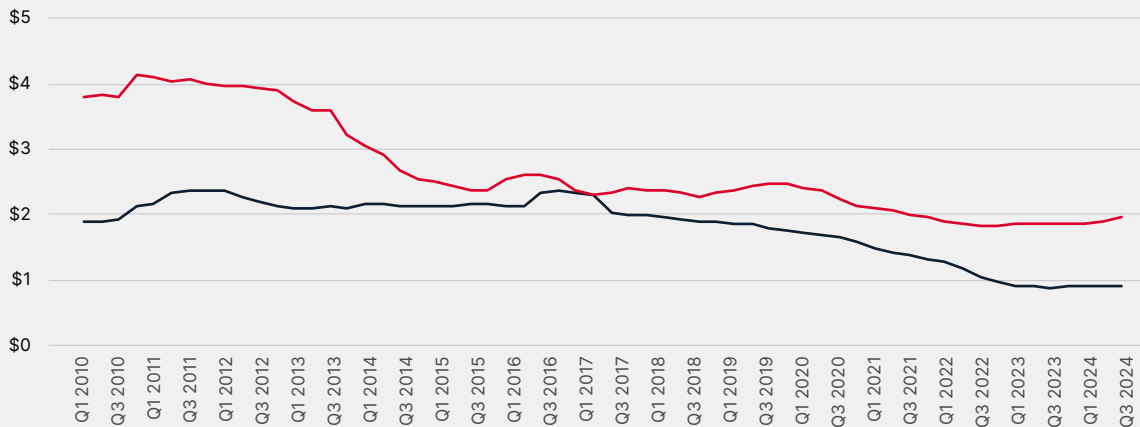
- Four or more players
- Three or fewer players



Source: GSMA Intelligence

Figure 10 Operator capex per country connections in Latin America

- Four or more players
- Three or fewer players



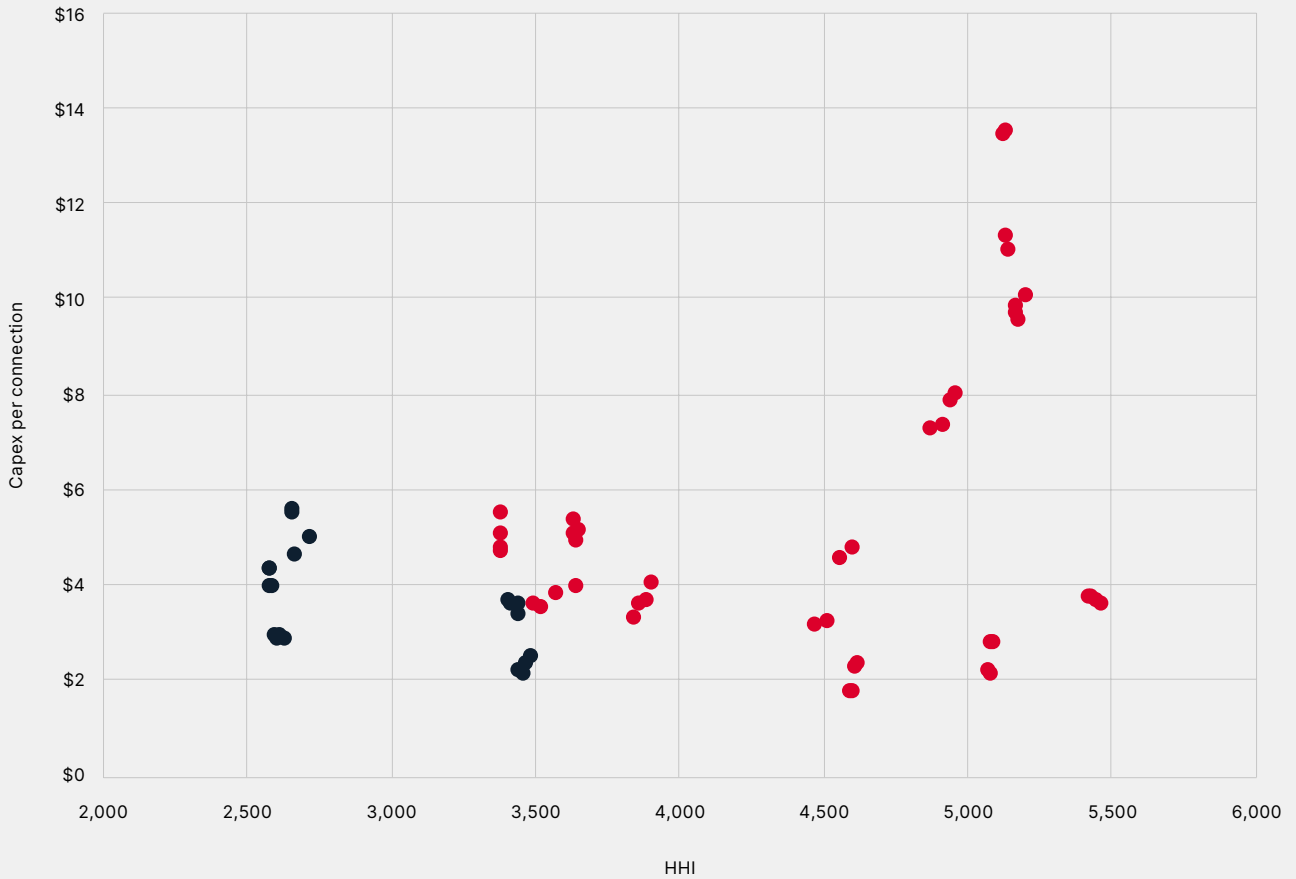
Source: GSMA Intelligence

In 2024, higher market concentration, as measured by the HHI, was associated with greater aggregate capex per connection at the country level (see Figure 11). Operators in more concentrated markets have been better positioned to undertake the large-scale

investments necessary for 4G and 5G deployment, while those in fragmented markets have faced greater challenges in maintaining capex and investments levels to improve network quality and coverage.

Figure 11 HHI versus total aggregate capex per connection by country in Latin America, 2024

- Four or more players
- Three or fewer players



Source: GSMA Intelligence

In markets with greater operator scale, network quality is better and mobile network rollouts are faster

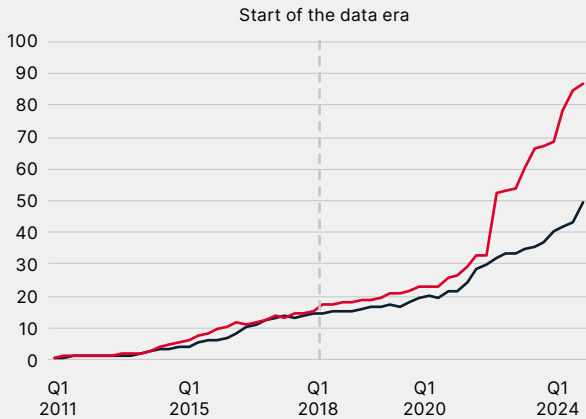
The higher operator investment in markets with greater operator scale should mean that these markets also see more efficient investments and better networks. And this is indeed what market trends on both network quality (see Figure 12) and the speed of mobile network

rollouts (see Figure 13) show. Capex per connection was higher in markets with greater average operator scale and this investment translated directly into improved network performance.⁸

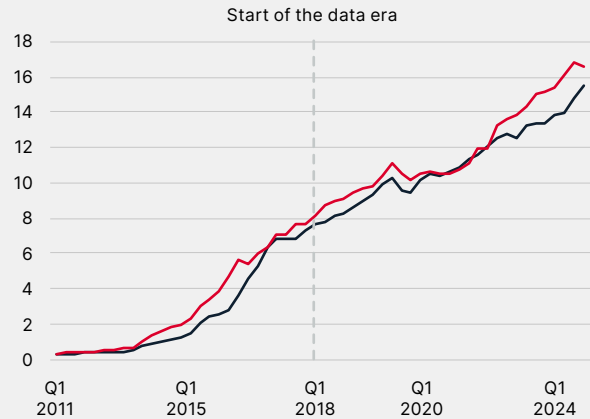
Figure 12 Download and upload speeds in Latin America

Mbps

Download speeds



Upload speeds

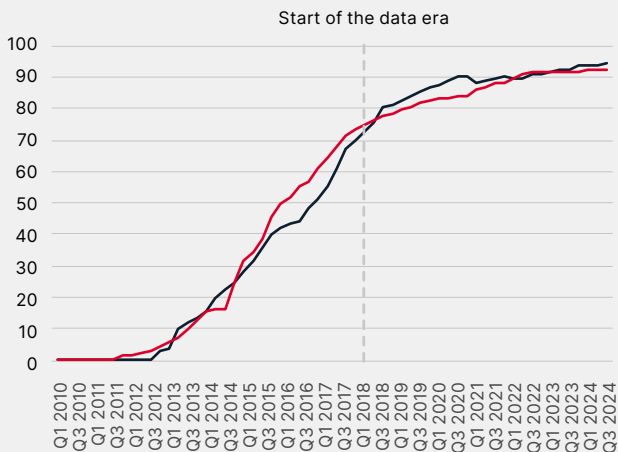


Source: GSMA Intelligence and Ookla

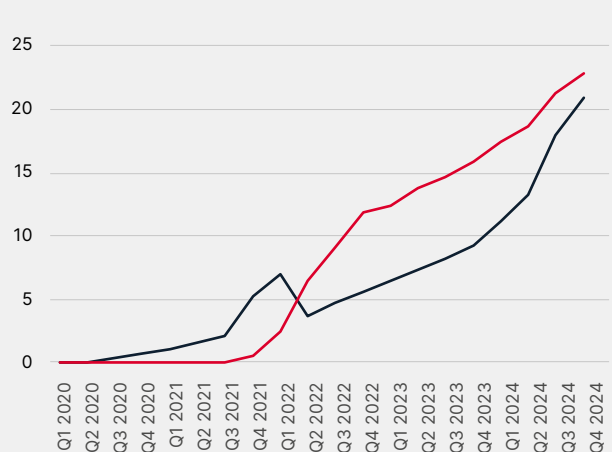
Figure 13 Average 4G and 5G population coverage in Latin America⁹

Percentage of population

4G coverage



5G coverage



Source: GSMA Intelligence and Ookla

⁸ See The dynamic effects of competition on investment: the case of the European mobile communications industry, Bahia and Castells, 2022

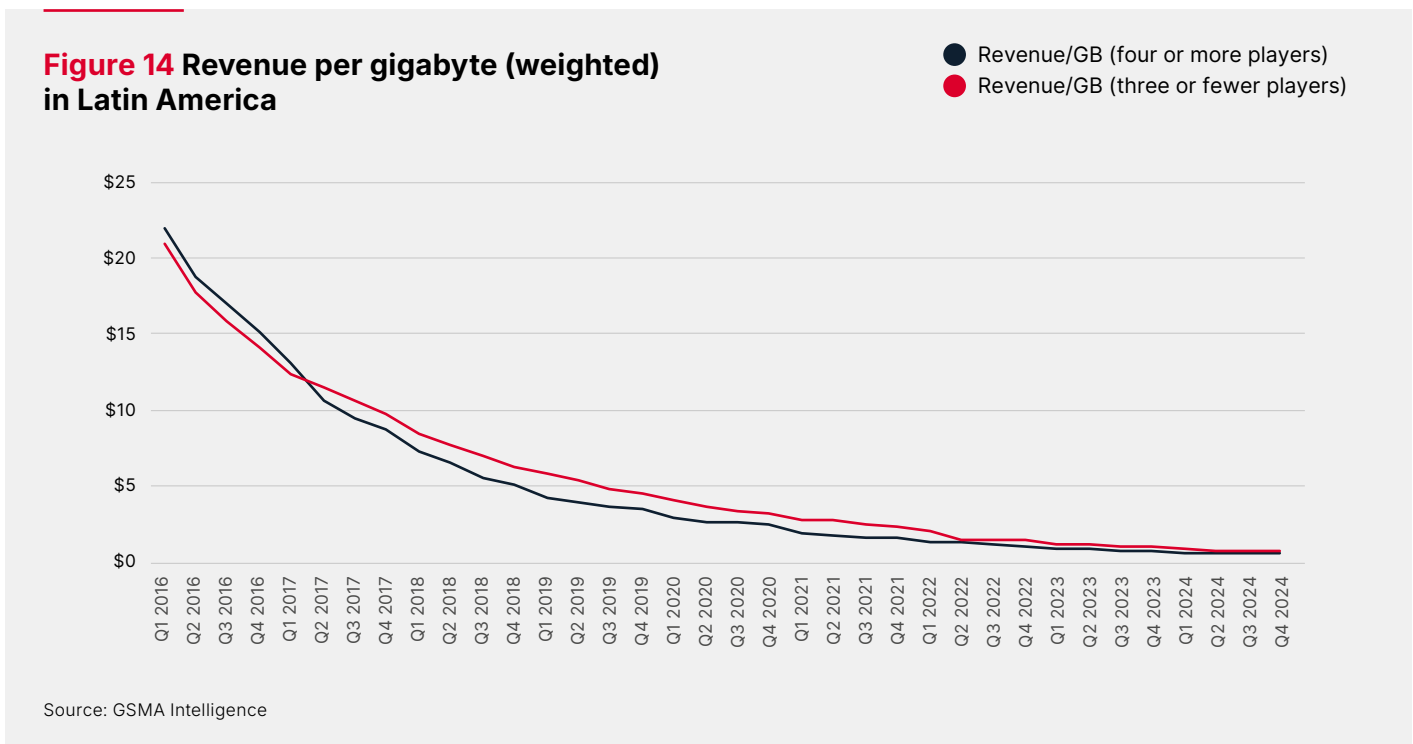
⁹ The data reflects the average across countries and market structures in Latin America. This explains occasional drops in 4G or 5G coverage, which occur when countries switch from one market structure to another (e.g. moving from four players to three), as coverage itself typically does not decrease.

Higher investments and better network quality can be achieved without higher consumer prices

While dynamic competition forces linked to operator scale are important, static competition effects (e.g. higher market power for individual players in more concentrated markets) could mean that higher profit margins and HHI values could be linked with higher retail prices for consumers. At the same time, in technological-intensive sectors such as mobile communications, dynamic competition forces can be the main driver of consumer price reductions, as new network technologies are able to deliver services at a fraction of the cost of previous generations. In that case, higher market concentration and profit margins can be linked with a greater ability and stronger incentives to invest, innovate and roll out new technologies and services. Consumer price effects therefore depend on which of the two effects dominates.

In this analysis, prices are measured using three real-price indicators: ARPU (as shown in Figure 2); revenue per gigabyte; and tracking the prices of tariffs for both low- and high-usage users.

ARPU reflects the overall expenditure per subscriber, but it is also influenced by usage levels, meaning that a market with lower prices could still have higher ARPU if consumers use more services. To complement this, revenue per gigabyte focuses on the unit cost of data, removing the effect of consumption volumes and showing how prices per unit have evolved. As Figure 14 illustrates, revenue per gigabyte has declined consistently across the region in markets with three or fewer operators as well as those with four or more operators.



Similarly, when examining the average prices of mobile baskets adjusted by purchasing power parity (PPP), prices in markets with greater scale have generally been at similar levels if not lower than those in markets with a greater number of players.¹⁰ For high-usage baskets, this pattern has been maintained since 2022, and even

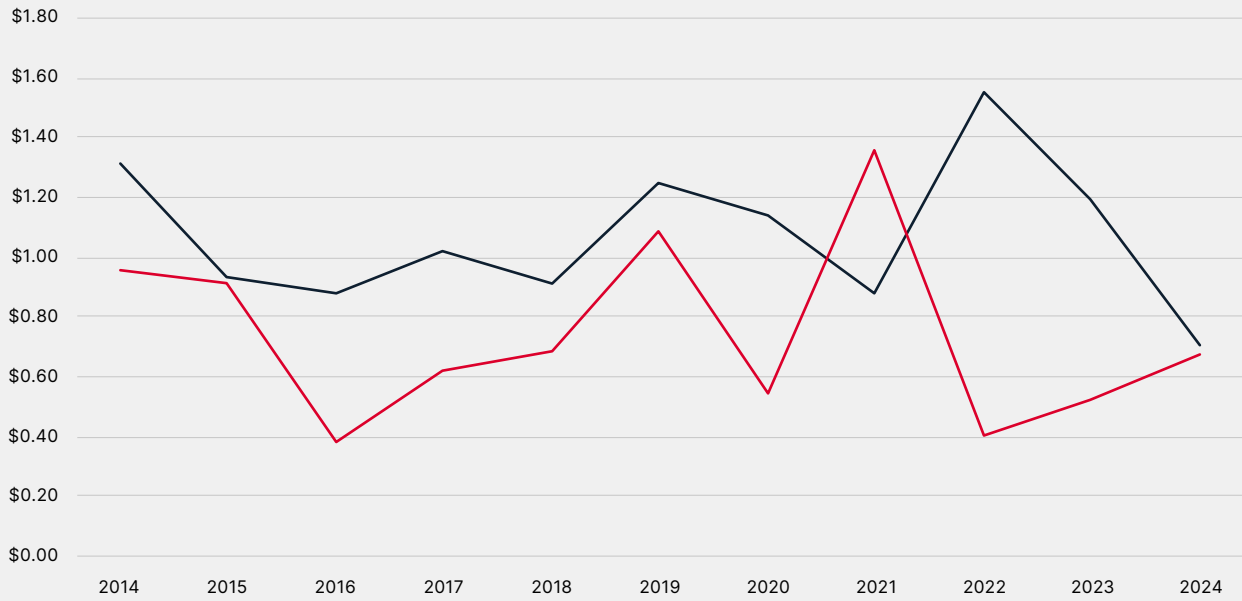
then the difference in prices between market structures is not significant.¹¹ Importantly, regardless of market structure, both entry and high-usage baskets are substantially more affordable in the last few years.

¹⁰ An entry basket, as defined by the Mobile Connectivity Index from the GSMA, represents the minimum data and voice package required to meet basic connectivity needs at an affordable level, typically aimed at low-income users. In contrast, a high-usage basket refers to a package with a much larger data allowance, designed to reflect usage by heavy data consumers. These measures provide a comprehensive view of affordability across different user segments.

¹¹ It is worth noting that excluding Ecuador, identified as an outlier in PPP-adjusted prices for both entry and high-usage baskets, markets with greater scale (three or fewer operators) consistently display lower average prices across all years and both baskets.

Figure 15a Weighted average price of an entry basket in Latin America

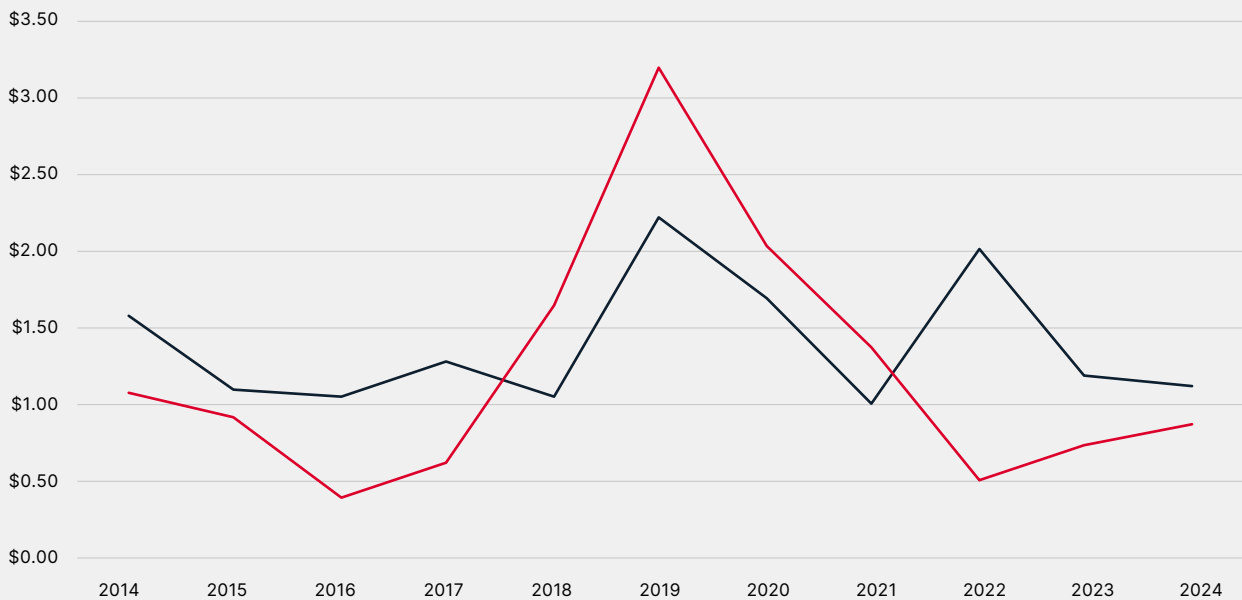
- Entry basket (PPP) (four or more players)
- Entry basket (PPP) (three or fewer players)



Source: GSMA Intelligence and Tarifica

Figure 15b Weighted average price of a high-usage basket in Latin America

- Entry basket (PPP) (four or more players)
- Entry basket (PPP) (three or fewer players)



Source: GSMA Intelligence and Tarifica



03. Exploring causal effects in Latin America: what happened when operators increased scale?

While the observational descriptive statistics presented in the previous chapter are clearly suggestive, they do not robustly show whether these trends are causally linked to each other. Without further analysis, it could be argued that these trends occurred coincidentally at the same time or in countries that were intrinsically different, bearing no direct relation to each other. To establish robust correlations and causal effects, an empirical strategy in a multivariate analysis setting is required.

In Latin America, the evolution of mobile markets has been shaped by both consolidation and entries, but the true impact of these changes can only be assessed by moving beyond descriptive trends. This requires the use of multiple econometric methods – such as OLS, IV and DiD – to confirm causality and provide robust evidence for policy decisions.

Are consolidation and scale associated empirically with greater investments in Latin America?

Econometric analysis based on OLS and IV¹² is used to evaluate whether investment is causally linked to shifts in market structure. Across these two methodologies, the results strongly indicate that markets with greater scale – measured through HHI, number of players, EBITDA/profit margins and C2 – are associated with higher levels of capex.

This relationship is more consistent and robust in the data era (post 2018), confirming the growing importance of scale in a period with lower potential revenues, in line with economic theory.

¹² OLS is a regression technique that estimates relationships by minimising the sum of squared residuals, assuming regressors are exogenous (uncorrelated with the error term). IV is used when regressors may be endogenous, meaning they are correlated with the error term. Endogeneity often arises due to omitted variables, measurement error or reverse causality. IV addresses this by using instruments that are correlated with the endogenous regressors but uncorrelated with the error term, producing consistent estimates.

Figure 16 presents a summary of the estimated relationship between market structure indicators and capex per connection (log specification),¹³ after controlling for other relevant factors. This means the results isolate the effect of structural variables – HHI, number of players, EBITDA margin, and C2 – on investment intensity, rather than reflecting simple

correlations. The results are presented across three periods (all years, before 2018 and after 2018) and includes squared terms for HHI, EBITDA margin and C2 to capture potential non-linear effects. These specifications allow us to test whether the impact of scale and market concentration changes at different levels and over time.

Figure 16 Summary of empirical impacts (OLS and IV) of consolidation on capex per connection¹⁴ across multiple metrics

Does operator capex increase with changes to market concentration?				
	Before 2018	After 2018	Evidence of inverted-U relationship*	Interpretation
HHI	No significant link	Positive link	Yes	In the data era, a higher HHI is associated with higher capex, with evidence of an inverted-U relationship
Number of players	Negative link	Negative link	N/A	Across all periods, capex increases as the number of players decreases
EBITDA margin	Positive link	Positive link	No significant link	Operators with higher profitability (higher EBITDA margins) invest more
C2	No significant link	Positive link	No significant link	In the data era, scale (measured by C2) is positively associated with higher capex

*Capex peaks at intermediate concentration levels
Source: GSMA Intelligence

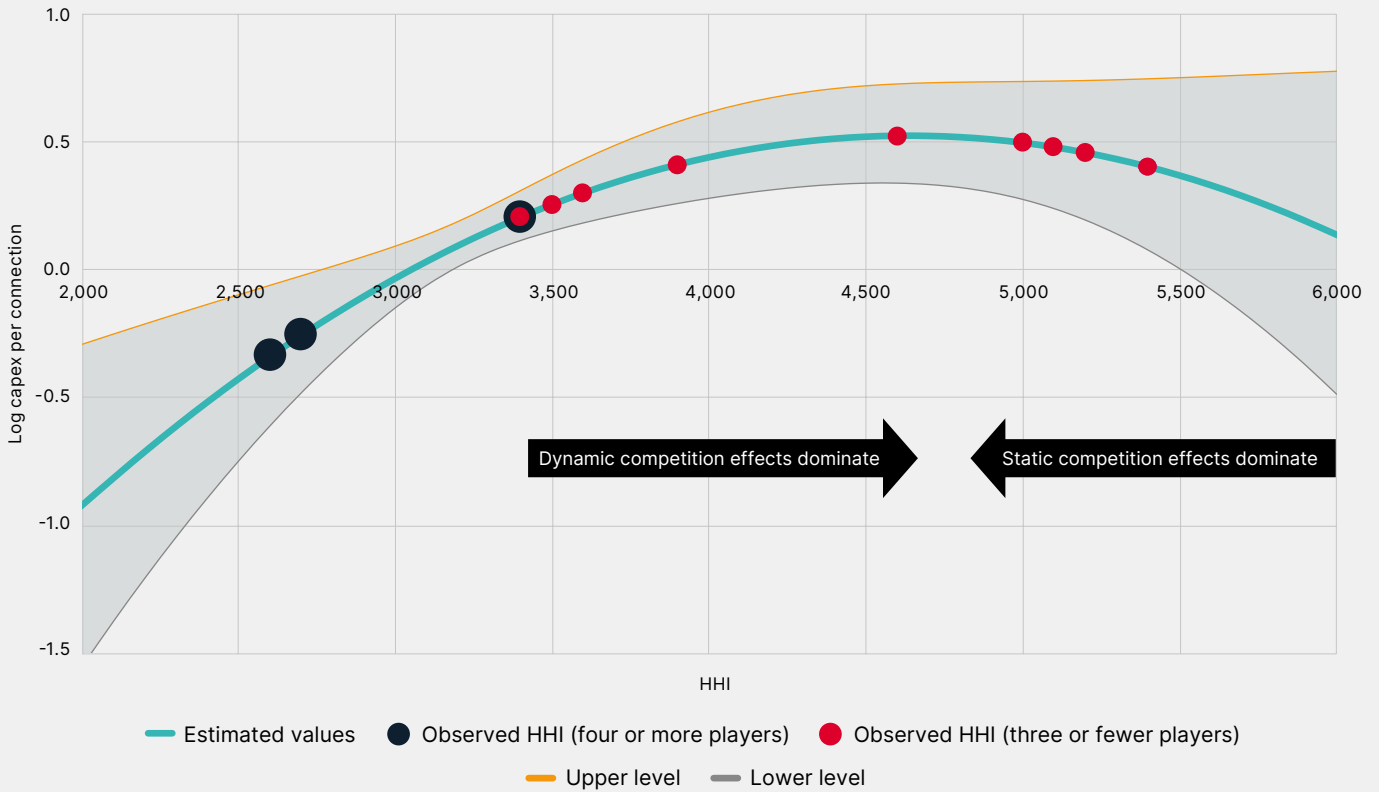
¹³ Similarly, as a robustness check, the same models were estimated using total capex in real USD prices by operator, yielding consistent and similar results.

¹⁴ As the empirical analysis is based on an operator-level dataset, capex per connection in these following sections refers to total operator-level capex, divided by the total number of connections in the country.

Considering the OLS results and the significance of the squared term for HHI, this suggests there is a clear maximum point for investment and quality. With this, a central finding is the presence of an inverted-U relationship between market concentration and

investment and quality. OLS models show that after 2018 (the data era), investments are maximised at HHI levels close to 4,700. This relationship is robust across multiple specifications and persists after controlling for macroeconomic and demographic factors.

Figure 17 The inverted-U relationship between market concentration (HHI) and capex per connection after 2018 (logarithmic transformation)



The grey shaded area represents the lower-level and upper-level confidence bands around the estimated inverted-U curve, showing the statistical range for the predicted capex values (with logarithmic transformation) at each HHI level.

Source: GSMA Intelligence

Were higher scale and capex reflected in better mobile outcomes?

Markets with greater operator scale tend to outperform in areas such as 4G and 5G coverage and speeds, reinforcing the role of scale in delivering the latest generation of connectivity. Our econometric analysis explores whether improvements in network quality and deployment are systematically linked to changes in market structure. The evidence strongly suggests that higher scale is associated with better performance across key quality metrics. Importantly, these effects become more pronounced and statistically robust in the post-2018 period, coinciding with the mobile data era.

Figure 18 summarises these empirical relationships across multiple specifications (OLS and IV), isolating the impact of structural variables rather than simple correlations. As before, the results are presented across all years, before 2018 and after 2018, highlighting how the strength and direction of effects evolve over time. Positive associations for HHI and EBITDA margins dominate in the post-2018 period, while excessive fragmentation (captured by the number of players) often correlated negatively with quality outcomes.

Figure 18 Summary of empirical impacts (OLS and IV) of consolidation on mobile quality and coverage

	Is greater operator scale linked to better consumer-experience outcomes?			
	All	Before 2018	After 2018	Interpretation
Download speed	Positive link	No significant link	Positive link	Download speeds increase as scale increases in the data era, with evidence of an optimal point for HHI
Upload speed	Positive link*	No significant link	Positive link	Upload speeds increase as scale increases in the data era, with evidence of an optimal point for HHI
4G coverage	Positive link	N/A	N/A	Greater operator scale increases 4G coverage
5G coverage	Positive link	N/A	N/A	Greater operator scale increases 5G coverage

* A positive link but at a lower level of statistical significance (as opposed to consistent evidence across models and variables)

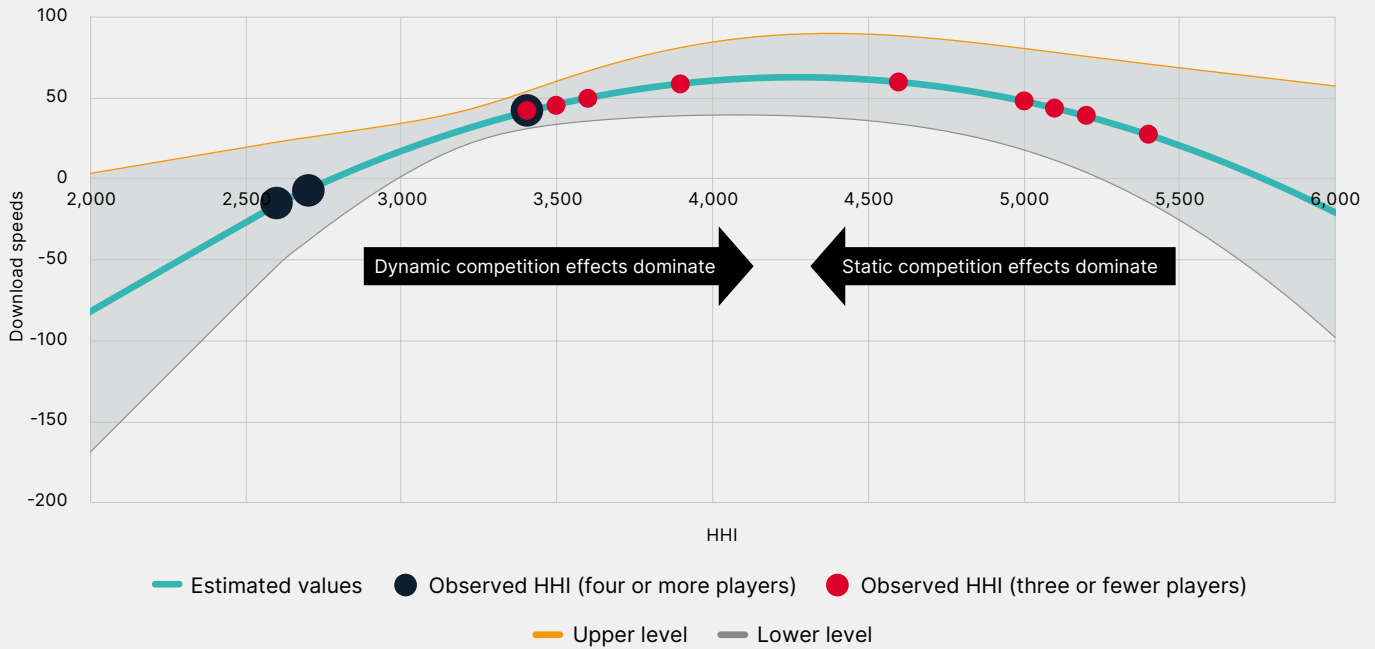
Note: Operator scale was measured using several indicators: HHI, number of players, EBITDA margin, and C2. For 4G and 5G coverage, the split between before 2018 and after 2018 was not applied because these technologies became relevant in the region only after 2018, making a before/after comparison unnecessary.

Source: GSMA Intelligence

Likewise, Figure 19 reinforces this finding, showing that quality metrics follow an inverted-U pattern, with download and upload speeds reaching their maximum at a HHI of around 4,100 to 4,300. This pattern highlights

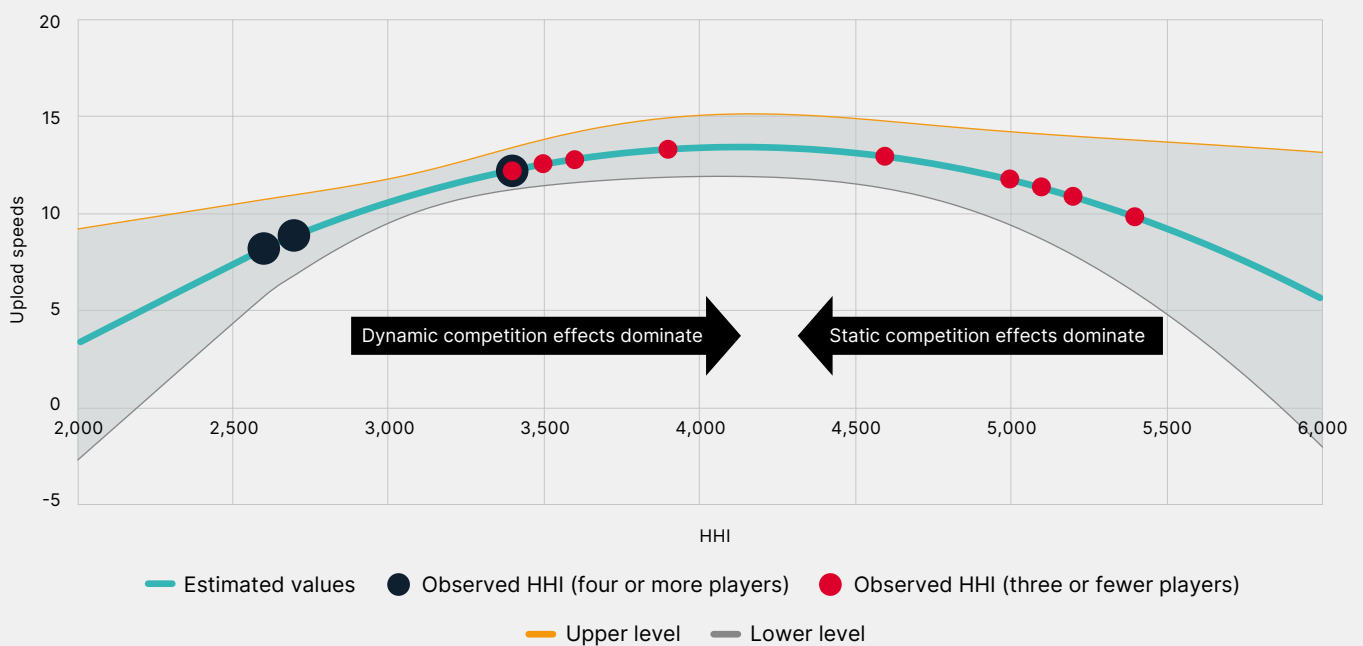
that, between a certain threshold, consolidation can deliver efficiency gains and increase investments, which translate into better service outcomes for consumers.

Figure 19a The inverted-U relationship between market concentration (HHI) and download speeds (Mbps)



Source: GSMA Intelligence

Figure 19b The inverted-U relationship between market concentration (HHI) and upload speeds (Mbps)






Source: GSMA Intelligence

As demonstrated empirically throughout this section, local changes in market concentration are associated with higher investment and improved network quality. Starting from the region's median baseline since 2018 (HHI = 3,520), a 100-point increase in HHI is linked to an estimated rise of about 4.5% in capex per connection, alongside improvements of roughly 4 Mbps in download speeds and 0.25 Mbps in upload speeds. A larger increase of 500 points corresponds to gains of around 20% in capex per connection,

14.5 Mbps in download speeds and 0.8 Mbps in upload speeds. These effects peak at HHI levels between 4,100 and 4,700, where both investment and quality metrics reach their maximum, confirming the inverted-U relationship. This evidence suggests that moderate consolidation can deliver tangible benefits for consumers and operators, while very high concentration offers diminishing returns – an important consideration for policy and competition decisions in the current data era.

Figure 20 The effect of increasing HHI on capex per connection and speeds (effects calculated from the median baseline HHI of 3,520)

Metric analysed	+100 HHI	+500 HHI	HHI peak
 Capex per connection	+4.5%	+20%	≈ 4,636
 Download speeds	+4 Mbps	+ 14.5 Mbps	≈ 4,280
 Upload speeds	+0.25 Mbps	+0.8 Mbps	≈ 4,120

Note: Effects are non-linear. Benefits increase as concentration approaches the optimal HHI, then reduce beyond that point.

Source: GSMA Intelligence

In the mobile data era, consumer prices are not impacted by changes to operator scale

Importantly, consolidation and increases in operator scale do not appear to apply an upward pressure on consumer prices during the data era (after 2018). This suggests that markets remain competitive even following consolidation events. Across both OLS and IV specifications, the analysis shows insignificant effects on price indicators such as ARPU, revenue per megabyte or tariffs for different usage baskets. Where a positive relationship is observed, it is limited to the pre-2018 period, when greater ARPU levels meant that a greater number of operators was possible.

This matters because it shows that efficiency gains and dynamic effects linked to scale –manifested in higher investment and improved quality – are not achieved at the expense of affordability. In today’s mobile data era, markets with larger operators maintain price levels

comparable to those with smaller-scale competitors because scale enables investments that reduce costs per customer and prevent prices from rising. In other words, reaching scale can coexist with consumer-welfare objectives, supporting better networks without imposing additional costs or prices to consumers.

Figure 21 summarises these relationships, showing that post-2018 results are consistently neutral for HHI and number of players, indicating no significant impact on ARPU or revenue per megabyte in the data era. The only exception is C2, which displays a positive association with revenue per megabyte; however, this effect is neither consistent across models nor statistically strong. These findings reinforce that scale-driven improvements in infrastructure and quality do not translate into higher end-user prices.

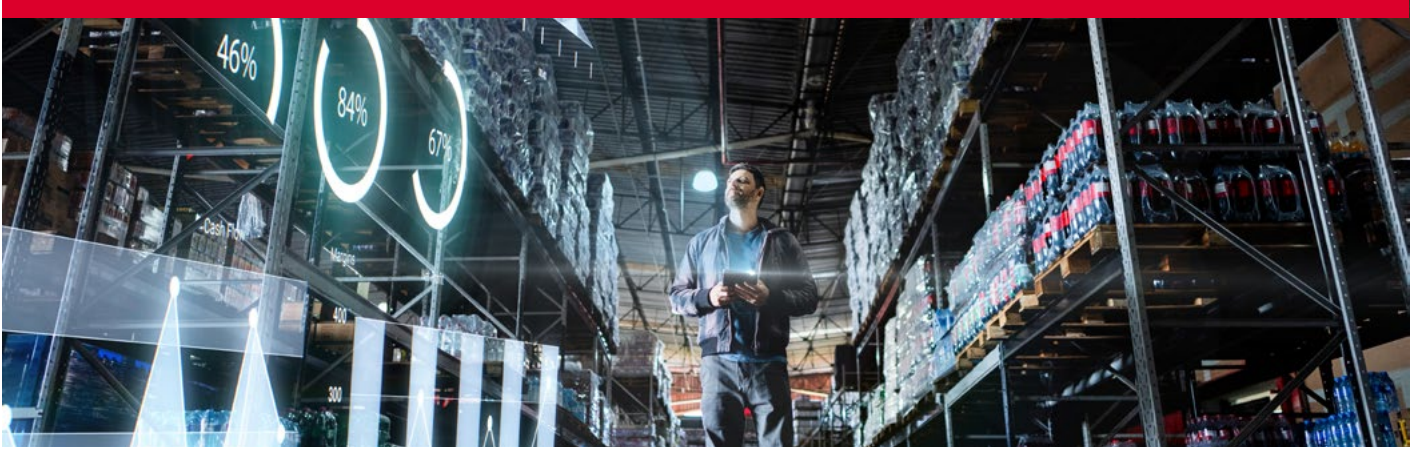
Figure 21 Summary of empirical impacts (OLS and IV) of consolidation on mobile prices

	Is greater operator scale linked to higher consumer prices?			
	All	Before 2018	After 2018	Interpretation
Entry basket	No significant link	No significant link	No significant link	Greater scale is not associated with higher prices for entry baskets in any period
High-usage basket	No significant link	No significant link	No significant link	Greater scale is not associated with higher prices for high-usage baskets in any period
ARPU	Positive link	Positive link	No significant link	Operator scale is not associated with higher ARPU in the data era
Revenue per MB	Positive link	Positive link*	No significant link	Operator scale is not linked to higher prices when measured by revenue per megabyte in the data era

* A positive link but at a lower level of statistical significance (as opposed to consistent evidence across models and variables), although data for revenue per megabyte is only available from 2016

Note: Operator scale was measured using several indicators: HHI, number of players and C2. For entry and high-usage baskets, estimates include only country-level data from 2014 onwards.

Source: GSMA Intelligence



04. Causal evidence on operator scale: consolidation and entries in Latin America

After establishing that scale is causally linked to higher investment, better speeds and wider coverage, with no evidence of price increases, this chapter assesses how these effects evolve during major consolidation and entry events in Latin America. Using DiD, the

analysis examines structural changes by comparing markets affected by entries or consolidation with similar markets that did not experience these changes, offering additional and robust evidence on how shifts in operator scale influence investment, quality and prices.

The purpose of using DiD

Rather than focusing only on incremental variations, DiD methods allow us to examine the impact of significant shifts in operator scale and competitive dynamics (changes driven by entries, mergers or market exits) to assess the consistency of scale effects on mobile outcomes in Latin America.

While OLS and IV models provide valuable insights into average effects, DiD offers an additional perspective by focusing on major, event-driven changes in the markets. DiD enables the estimation of causal effects by comparing treated and control markets before and after specific events, such as mergers, exits or entries, providing a robust framework to assess the impact of structural shifts on mobile outcomes.

A useful analogy is a clinical drug trial: just as researchers compare the outcomes of patients who receive a new treatment with those of similar patients who do not, these DiD models compare the evolution of market results in countries that experience consolidation or entry with those that do not while controlling for other differences between these markets. This approach ensures that any differences observed are attributable to the specific event evaluated, rather than to broader market trends or external shocks.

The DiD framework is particularly well suited to the Latin America context, where consolidation and entries have occurred at different times and under varying conditions. By exploiting this staggered adoption, the analysis can separate the effects of market shifts or structural changes from broader market trends or external shocks. The methodology controls for unobserved, time-invariant differences between markets and for common shocks, providing a robust basis for policy evaluation. For this analysis, we apply three modern DiD estimators that address treatment heterogeneity and staggered adoption: Sun and Abraham (2021), Borusyak; Jaravel and Spiess (2024); and de Chaisemartin and D'Haultfoeuille (2020).¹⁵

¹⁵ This estimator calculates group-time average treatment effects using only comparisons between treated and untreated units at each time point. It ensures that all weights are positive and is valid under heterogeneous treatment effects. The method is well suited for policy evaluations where treatment effects may differ by cohort or evolve over time. For the purposes of this study, periods are evaluated quarterly. The analysis assesses six periods following the implementation of the policy experiment.

Where markets in Latin America consolidated, this led to higher investments and better networks, at similar prices for consumers

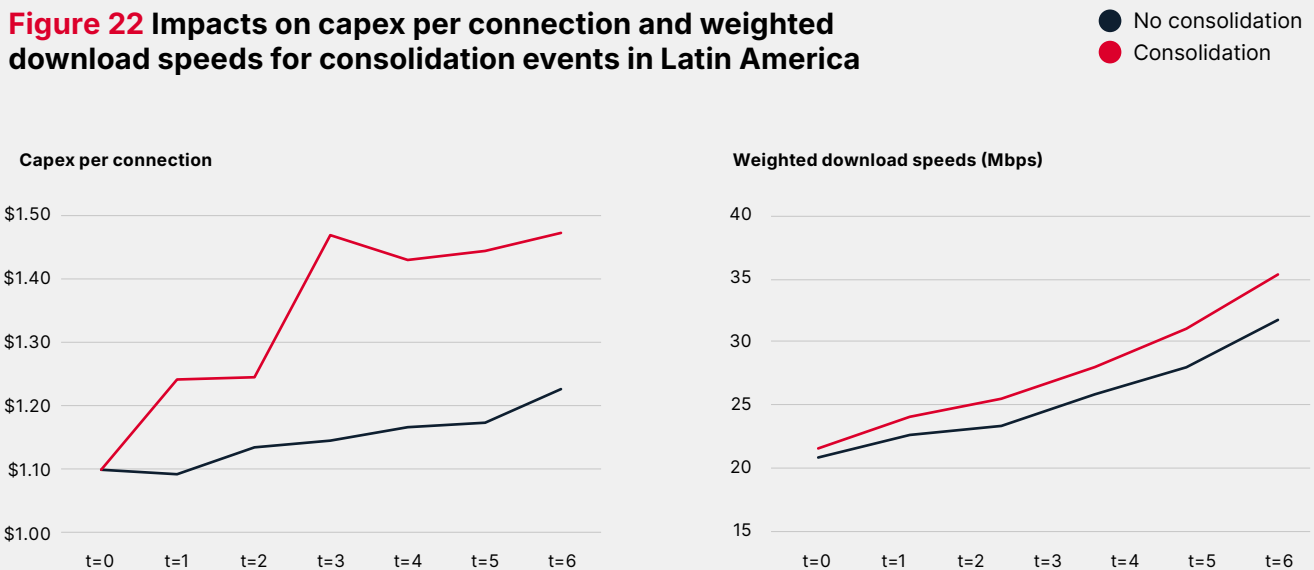
This section considers the impact of major consolidation events that occurred during the analysis period. Specifically, the mergers and network exits included are Honduras (2011), Dominican Republic (2014), Guatemala (2019), Brazil (2022), Mexico (2022)¹⁶ and Panama (2022 and 2024). It is important to note that the analysis in this report covers the period up to the end of 2024. Recent announcements in Colombia and Argentina¹⁷ indicate that consolidation activity is also occurring after 2025, though these proposed mergers are not included in the empirical findings presented here.

The findings are consistent with the earlier OLS and IV estimations, meaning that when operators achieve sufficient scale, market outcomes improved significantly, particularly in the mobile data era. Consolidation in Latin America enabled operators to spread fixed costs over a larger base, optimise network investments and accelerate technology upgrades. This efficiency, as well as dynamic effects linked to increased investment incentives, translated into higher capex per connection

and better service quality, particularly in download speeds, underscoring the structural advantages of scale in capital-intensive markets.

These effects are reflected in Figure 22, which estimates the treatment effects using the econometric approach from de Chaisemartin and D'Haultfoeuille, capturing dynamic impacts after the consolidation event (while other methodologies show similar results, indicating a significant and positive effect for these two variables). The analysis isolates the impact of consolidation policies from other factors, presenting simulated and estimated average effects after six periods following the intervention. The estimates use the average baseline of operators not affected by the consolidation event while incorporating the estimated impact for those treated. Overall, the estimated treatment effect is approximately 20% for capex per connection and above 2 Mbps for weighted download speeds, with both effects statistically significant.

Figure 22 Impacts on capex per connection and weighted download speeds for consolidation events in Latin America



Source: GSMA Intelligence

¹⁶ Telefónica Mexico's transition reflects a network exit rather than a commercial exit. The shift to an MVNO model began in December 2019, with a gradual return of spectrum. The process was completed in 2022, when the remaining spectrum holdings were returned.

¹⁷ For example, see "Colombia approves Tigo-Movistar integration with conditions", BNAmericas, November 2025 and "Telecom Argentina acquires Telefónica's Argentine operation", RCR Wireless, February 2025

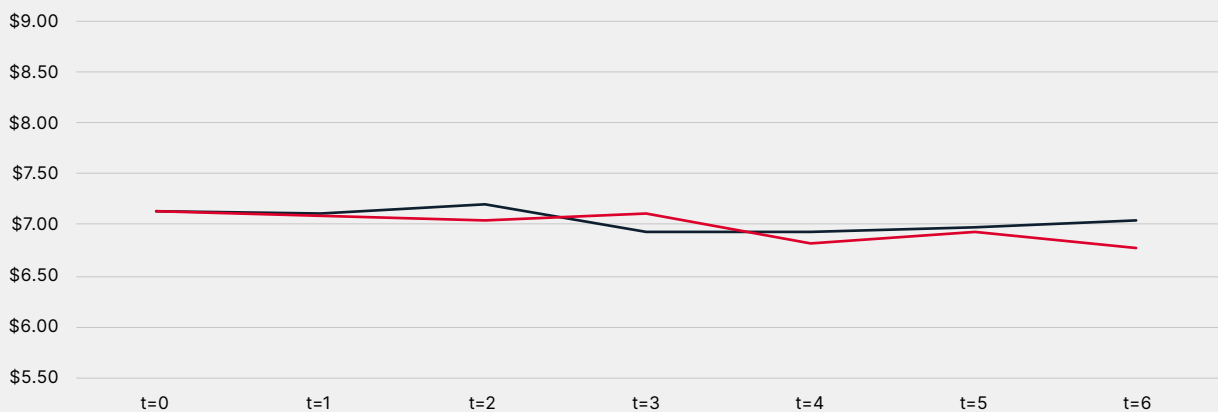


Importantly, there is no evidence that consolidation led to higher prices. Across all models, ARPU and revenue per megabyte remain stable or even decline when measuring consolidation, confirming the previous results from the OLS and IV models and opposing the assumption that reduced competition necessarily harms consumers.

Figure 23 simulates the impact on ARPU between markets with and without consolidation. As observed, the simulated impacts are not significant (including in statistical terms), with the average treatment effect estimated at $-\$0.08$, indicating no meaningful impact from these events.

Figure 23 Impacts on ARPU for consolidation events in Latin America

● No consolidation
● Consolidation



Source: GSMA Intelligence

Case study: Brazil

How consolidation in Brazil delivered improvements in consumer welfare

Brazil provides a good example of the effects of consolidation in a large and complex market. The Brazilian mobile sector has historically been characterised by a relatively high number of operators, intense competition and significant regional disparities in coverage and quality. By the late 2010s, however, the pressures of rising capital intensity, declining ARPU and the need for nationwide 4G and 5G deployment created strong incentives for consolidation.

The most significant event in this context was the merger of Oi's mobile assets, which started in 2020 and was approved in 2022. These were acquired and split among TIM, Claro and Vivo. The transaction was driven by Oi's severe financial distress and the inability of the fourth operator to sustain the investment required to remain competitive under the existing market structure. The sale of Oi's mobile assets was therefore critical to preserving the viability of the mobile sector and enabling the continuation of Oi's fixed operations.

The merger was also shaped by regulatory considerations, with authorities seeking to balance the benefits of consolidation against the need to preserve competition and consumer choice.¹⁸ In practice, these conditions ensured that, within each regional market, Oi's assets were allocated to the operator with the smallest market share, thereby preventing the leading operator in any given registration area from being further strengthened by the transaction.

A key concern with regard to our analysis was the potential confounding effect of the 5G rollout, which occurred in parallel with the consolidation process. To address this, the analysis controls for spectrum allocation and 5G adoption, ensuring that the observed effects are attributable to the merger rather than to broader technological trends.¹⁹

The results confirm that consolidation in Brazil was causally associated with significant increases in capex per connection and improved quality, with no evidence of higher prices for consumers. For example, estimations suggest that the consolidation event in the country is associated with an average increase of about 70% in capex per connection at the operator level.²⁰ This improvement in network scale in Brazil has coincided with strong performance across key 5G infrastructure metrics, as assessed by GSMA Intelligence's 5G Connectivity Index.²¹ Brazil is one of the few countries globally where all major operators have begun deploying 5G SA networks. This progress is reflected in broader performance indicators, including mobile AI readiness and quality of experience, where Brazil consistently ranks as the top performer in the region.

In terms of effects observed for consumer experience, Figure 24 summarises the simulated impacts on download speeds and ARPU. Figure 24a simulates the impact of consolidation using the dynamic effect from the Brazilian case for untreated operators, resulting in an average total and statistically significant effect of an additional 2.5 Mbps over the last six periods.

Applying the same logic, Figure 24b simulates the impact on ARPU, which is not statistically significant and averages around $-\$0.25$. These findings reinforce the importance of scale for sustaining investment, which translates into better service quality and consumer welfare in the mobile data era.

¹⁸ The merger was approved subject to explicit remedies and conditions imposed by Brazil's regulators. CADE required, among other measures, wholesale reference offers for national roaming and MVNO access across all technologies (including 5G and IoT/M2M), offers for industrial network use tied to the Oi frequencies in every municipality and options for temporary spectrum leasing. Anatel added consumer-protection and competition safeguards, including mandatory reference offers for roaming, specific migration protections for Oi customers (such as portability rights and a ban on automatic transfer or penalties linked to loyalty clauses), publication of spectrum-use plans by the buyers and the elimination of overlapping SMP authorisations within 18 months.

¹⁹ The control group for this analysis consists of South American countries.

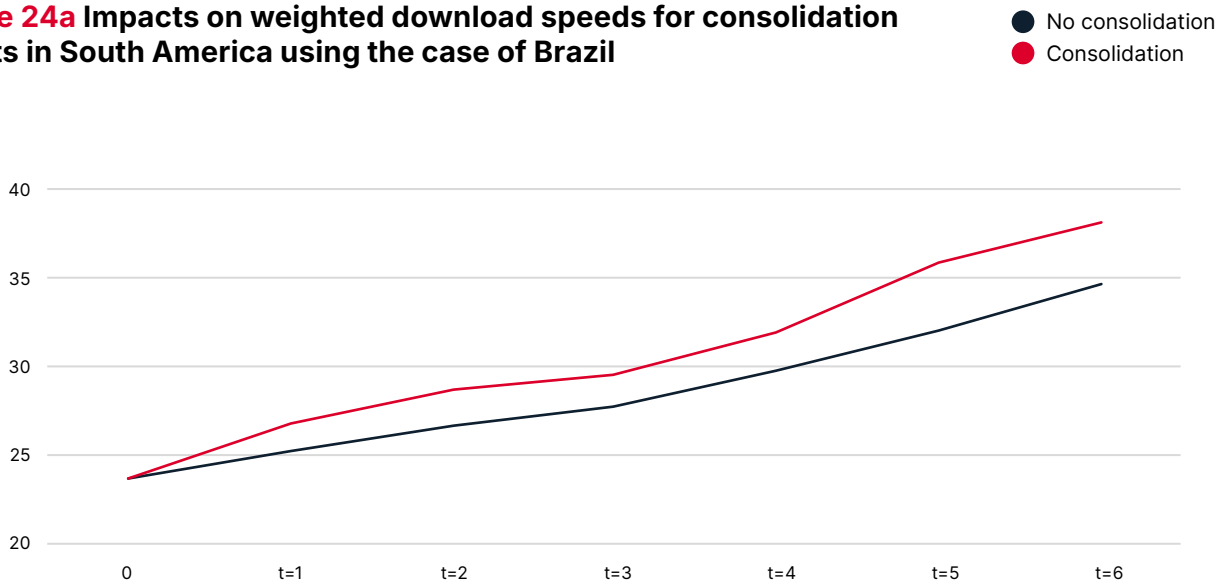
²⁰ This effect corresponds to the average treatment effect estimated using the Borusyak, Jaravel, and Spiess (2024) approach across different logarithmic specification models, with an average coefficient of 0.53.

²¹ See the [5G Connectivity Index](#)

Case study: Brazil

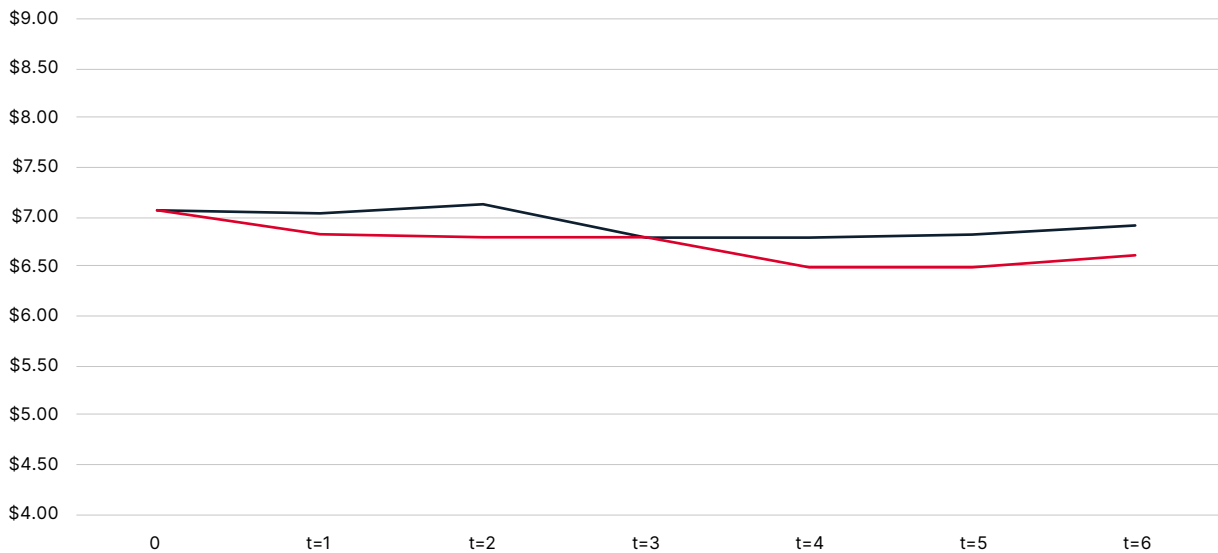
Figure 24a Impacts on weighted download speeds for consolidation events in South America using the case of Brazil

Mbps



Source: GSMA Intelligence

Figure 24b Impacts on ARPU for consolidation events in South America using the case of Brazil



Market entries in Latin America have not historically led to statistically significant effects on either investment or prices

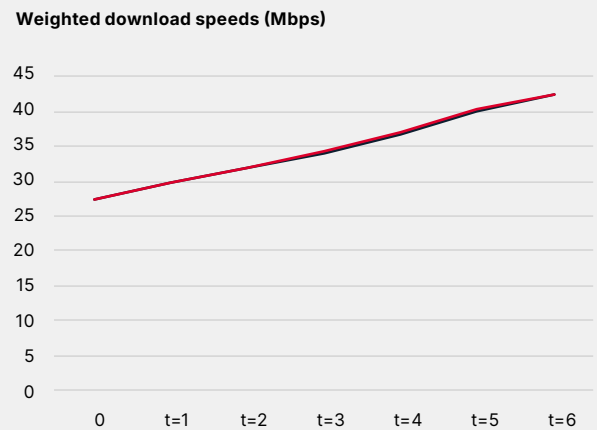
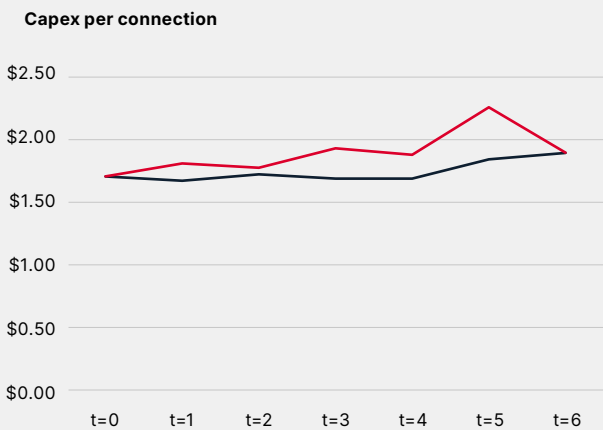
In contrast to consolidation, the entry of new operators in Latin America was not causally associated with increases in investment or improvements in quality in the period of analysis. This section considers the impact of the following market entry events in the period of analysis: Peru (2014), Mexico (2015), Chile (2015), Nicaragua (2016) and Colombia (2021).²² Across all models, the entry of an operator does not lead to higher capex per connection, better download speeds or lower prices, indicating an average total effect that is not statistically different from zero (see Figure 25). These findings apply to both general entry events across the region and specific cases, including entries evaluated

specifically for the cases of Chile and Colombia. The absence of positive effects from entries suggests that, in the current market environment, additional players may not deliver the expected benefits for consumers or the sector as a whole.

These results confirm the earlier OLS and IV estimations, which showed that increasing the number of market players, especially in models after 2018, has insignificant effects on investment and quality. Likewise, DiD estimations show no statistically significant impact on price, reinforcing the conclusion that entries have no effect on affordability.

Figure 25 Impacts on capex per connection and weighted download speeds for entry events in Latin America

● No consolidation
● Consolidation






Source: GSMA Intelligence

Overall, DiD estimations for Latin America confirm that greater operator scale (observed through consolidation events) has a positive impact on investment and network quality. Across multiple events assessed, consolidation is consistently associated with higher capex per connection and faster download speeds, without evidence of adverse effects on consumer

prices, resulting in empirical gains in consumer welfare. These findings reinforce the view that scale plays a central role in enabling operators to deploy next-generation networks and deliver improved outcomes for consumers, while entry episodes in the region have not produced comparable gains.

²² Costa Rica (2011) was also included, reflecting its liberalisation process from a monopoly to an increase in the number of operators. While this differs from the other cases, it is the only market that transitioned from a monopoly during part of the analysis period.

Figure 26 Summary of empirical impacts using DiD methodologies for consolidation and entry events on investment and consumer welfare in Latin America

Metric analysed	Consolidation	Entry
 Capex per connection	Positive link	No significant link
 Download speeds	Positive link	No significant link
 ARPU	No significant link	No significant link

Source: GSMA Intelligence





5. Rethinking competition policy for the mobile data era

The Latin America mobile telecoms sector has entered a new phase shaped by the transition from voice and SMS to data-intensive services. This shift has changed the economics of mobile networks, with operators now balancing high infrastructure costs and rising data demand against declining revenues. Operator scale has become more important, as larger operators can spread fixed costs across a bigger subscriber base. This also allows for greater efficiency in the use of network resources and capital. In this context, both theory and empirical evidence indicate that there is an inverted-U relationship between market concentration and investment in mobile communications. Investment rises with operator scale up to an optimal point and then declines. The key question is whether that level of operator scale exists in Latin American markets today or whether greater scale is now more necessary to support investment and quality networks for consumers.

Latin American mobile markets have evolved in response to the new realities of the mobile data era. Market concentration measured with HHI and C2 shows that the region is neither the most nor least concentrated globally. The region experienced waves of market entries in the early 2010s, but since 2018 entries have become rare and operator scale has become more prominent, with some markets currently undergoing

consolidation. Notably, aside from acquisitions and commercial ownership changes (such as those in Ecuador and Uruguay in 2025 and Chile in 2026), there has been no market entry in the last five years.²³

In this new context, descriptive statistics show that concentrated markets in which players have greater scale tend to achieve higher levels of investment and better network quality. These outcomes are measured by capex per connection, download and upload speeds, and 4G and 5G coverage. In contrast, consumer price differences between markets with more or less scale remain minimal.

The evidence presented in this study shows that operator investments have been higher in markets with greater scale, particularly during the rollout of new technologies such as 4G and 5G. Concentrated markets have been able to sustain investments and deliver better network quality and coverage with similar prices for consumers. The optimal market structure has shifted in the data era, as this study confirms an inverted-U relationship between operator scale, investment and network quality. Investment and speeds are maximised at HHI values between 4,100 and 4,700, typically associated with markets where operators have greater scale.

²³ Other subsequent entry attempts have occurred, for example in Colombia (Telecall) and Brazil (Winity), often under preferential conditions. However, at the time of preparation of this report, none of these entrants had begun commercial operations at a national level, reflecting financial viability challenges, including spectrum returns and the absence of network deployment.

Econometric analysis using OLS and IV models confirms that markets with greater scale are associated with higher levels of capex and improved quality metrics, with no negative impacts on prices, especially after 2018. This relationship is robust across multiple specifications and persists after controlling for macroeconomic and demographic factors. To complement these results, a DiD analysis provides further robustness to the findings. This approach shows that consolidation events in Latin America are associated with increases in capex per connection and network quality, with no significant impacts on prices. In contrast, market entries have not led to statistically significant improvements in investment, quality or affordability. This reinforces the conclusion that operator scale and consolidation are key to sustaining investment. These benefits are translated into improved consumer welfare through better network performance and service quality, resulting in better consumer outcomes while preserving affordability of mobile services.

These findings strongly suggest that competition authorities should ensure that their assessments of mergers in the mobile sector are grounded on a balanced evaluation of both static and dynamic effects, with a focus on optimising longer-term consumer welfare. Immediate concerns from an increase in market concentration, such as short-term price changes, must be assessed not only against the evidence base (which suggests no effects, as this report has demonstrated), but also together with dynamic effects such as investment, innovation, cost reductions and quality improvements. Consumer welfare depends on both price and non-price effects as well as short- and long-term outcomes.

Similarly, for regulators and policymakers, the results highlight the need for rigorous assessment when using preferential entry conditions as a policy objective to promote additional players. These policies can ultimately weaken efficiency, scale, and dynamic competition. This is particularly relevant when considering public-policy exceptions aimed at fostering entry, where the benefits of greater scale and consolidation may be critical to sustaining investment, service quality and consumer welfare.

By adopting this integrated and forward-looking perspective, competition policy in Latin America can better support effective competition and sustained investment and promote sector development in a rapidly evolving digital landscape.

